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Task Force on National Accounts

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on National Accounts (Convener: Intersecretariat Working Group on National Accounts), which is contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its twenty-ninth session.[1]

Notes

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), chap. VIII.

* E/CN.3/1999/1.

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Annex

Report of the Task Force on National Accounts

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I. Introduction

1. At its twenty-ninth session (11–14 February 1997), the Statistical Commission:

(a) Commended the milestones defined by the Task Force as an appropriate tool for monitoring progress in the implementation of the 1993 System of National Accounts (SNA), and agreed with the proposal to present updated milestone assessments of countries regularly, including an analysis of changes occurring in milestone assessments over time (see E/CN.3/1999/3);

(b) Formulated its priorities regarding the proposed medium-term implementation targets (see para. 13 below);

(c) Endorsed the proposed support system of the Task Force, emphasizing again the importance of making publications available to countries (see paras. 18–21 below);

(d) Decided on the implementation date 1999 for the United Nations data questionnaire for national accounts (see para. 23 below);

(e) Agreed with the proposed work programme on functional classifications (see paras. 13–17 below);

(f) Asked the Task Force to make concrete proposals for a process of updating the 1993 SNA, taking into account the need for a streamlined process and the need for adequate consultation (see sect. II below).

2. Subsequently, the Working Group on International Statistical Programmes and Coordination of the Statistical Commission, at its nineteenth session (see E/CN.3/1999/20, para. 5):

(a) Took note of the announcement by the delegate of the International Monetary Fund (IMF) that a camera-ready copy of the Russian translation of the *System of National Accounts, 1993* would be available by mid-March 1998 (see para. 19 below);

(b) Agreed with the proposed typology of possible amendments to the 1993 SNA (see sect. II.A below);

(c) Agreed in principle with the proposed delegation of authority to the Intersecretariat Working Group on National Accounts (ISWGNA) in order to handle effectively minor editorial amendments and clarifications of an uncontroversial nature in the 1993 SNA. With regard to "interpretations" and "changes" of the 1993 SNA, the need for wider but still expeditious consultation was stressed. In order to bring in the expertise of national statistical agencies and also for the Statistical Commission to be fully involved, it was suggested that for interpretations and changes of the 1993 SNA, all members of the Statistical Commission would receive a 30-day notification period during which they could review proposed changes. If during this period no objections were raised, the proposal would be considered as adopted (see sect. II.B below);

(d) Accepted the proposed work programme of ISWGNA member organizations in support of the implementation of the 1993 SNA (see sect. III below);

(e) Took note of the proposals by the regional commissions for further close cooperation with the United Nations Statistics Division in the milestone assessment exercise for implementation of the 1993 SNA (see E/CN.3/1999/3).

3. Section II of the present report addresses the issue of keeping the SNA relevant. First, it summarizes the proposed continuous updating mechanism; then two concrete proposals for updating the 1993 SNA are presented to the Statistical Commission for final approval, one relating to the treatment of financial derivatives and another to functional classifications. In section III, an integrated presentation of the work programme of ISWGNA in support of SNA implementation is given, highlighting recent accomplishments and reviewing proposed priority areas for action. In a separate document (E/CN.3/1999/3) prepared by the United Nations Statistics Division in cooperation with the regional commissions, an updated country-by-country milestone assessment together with a brief analysis is presented.

II. Keeping the System of National Accounts relevant

A. Mechanism for continuous updating of the System of National Accounts, 1993

4. ISWGNA has discussed the importance of updating the SNA in order to resolve ambiguities that may appear during implementation of the system, as well as to maintain its relevance in a fast-evolving world economy. It has agreed that there is a need for both continuous updating of the 1993 SNA at shorter intervals and global revisions at larger intervals. Whereas global revisions are necessary to address revisions that affect the system as a whole in a fundamental way, continuous updating will allow the SNA to incorporate new developments faster, and also provides a way to introduce changes in an incremental manner.

5. In view of the above, ISWGNA presented a series of proposals to the Working Group on International Statistical

Programmes and Coordination of the Statistical Commission for a continuous updating process that balances both the needs for streamlining and adequate consultation.

6. As a consequence, a typology of amendments ranging from simple editorial amendments to complex changes in the 1993 SNA has been introduced (see table 1). For each type of amendment the process is different, so that for the more simple amendments a delegation of authority to ISWGNA was recommended by the Working Group, while for more complex situations ISWGNA will act in consultation with panels of experts drawn from the various regions. Furthermore, the Working Group recommended giving all member countries of the Statistical Commission a 30-day notification period during which objections might be raised. The overall mechanism as proposed by ISWGNA and amended by the Working Group is summarized in table 1.

7. In principle, anybody may submit proposals for amendments to ISWGNA. However, prescreening of proposals in adequate regional forums is strongly recommended. Also, it was agreed that unless significant new economic developments have taken place, issues of a controversial nature should not be reopened if a deliberate decision was taken during the course of the revision process of the SNA after substantial discussion within one of the expert groups or within ISWGNA. It is also understood that during the updating process, effective use of modern means of communication (e.g., e-mail, Internet) will be made in order for the consultative process to be broad and yet cost-effective.

8. ISWGNA has also elaborated proposals on how amendments of the 1993 SNA will be published, according to which the newsletter would announce amendments and official booklets would be published and disseminated in all official United Nations languages. Furthermore, electronic dissemination means (CD-ROM, Internet) will be added, as resources permit.

B. Two concrete proposals for updating the System of National Accounts, 1993

1. Treatment of financial derivatives

9. IMF initiated a process of international discussion on the statistical measurement of financial derivatives. A paper entitled "The statistical measurement of financial derivatives", prepared by IMF, proposed revised international standards. The main clarifications and changes to the 1993 SNA and the fifth edition of the IMF *Balance of Payments Manual* (BPM5) were approved by ISWGNA and the IMF Committee on Balance of Payments Statistics in October 1997. IMF has drafted a revision to the relevant sections of the 1993 SNA in close coordination with the similar exercise to revise the BPM5 and with the preparation of the IMF's *Manual on Monetary and Financial Statistics*. The draft changes to the 1993 SNA were reviewed and approved by ISWGNA at its meeting on 17 and 18 September 1998, and it was agreed to send a paper containing these changes to members of the Statistical Commission for a 30-day notification period.

10. In many respects, the key recommendations contained in the 1993 SNA remain unchanged in the new international standards. The principle remains that financial derivatives should be treated as financial assets, and that transactions in them should be treated as separate transactions rather than as integral parts of the value of underlying transactions or financial assets to which they may be linked. The two most significant changes concern (a) the expansion of the financial asset boundary to include financial derivative contracts regardless of whether "trading" occurs on or off exchange, and (b) the treatment of flows in the context of interest rate swaps and forward rate agreements, which are now recorded as financial transactions rather than interest flows.

11. The revision of the recommendations for the statistical measurement of financial derivatives can be summarized as follows:

(a) A more specific description of financial derivatives is introduced;

(b) No distinction is made between on and off exchange "traded" financial derivative instruments. Both are regarded as financial assets. To calculate the value of any financial derivative instrument it is essential that the reference price for the underlying item is observable. In the absence of an observable price for the underlying item, the "financial derivative" cannot be valued, cannot be regarded as store of value, and thus cannot be regarded as a financial asset;

(c) Interest rate swaps and forward rate agreements are recognized as financial assets, and net cash settlement payments in these contracts are classified as financial transactions rather than as property income flows as recommended in the 1993 SNA;

(d) A similar principle is applied to net cash settlement payments on the interest element of cross-currency interest rate swaps, which are now classified as financial account transactions;

(e) Since a financial derivative is recognized as a financial asset, its exercise is a transaction that should be recorded as such even if the underlying asset is delivered. Thus, the new standards recommend that a transaction in an asset underlying a financial derivative contract that goes to delivery should be recorded at the prevailing market price for the asset, with the difference between the prevailing price and the price actually paid (times quantity) recorded as a transaction in financial derivatives;

(f) In view of the importance and the different nature of financial derivative instruments, they are recognized as a separate financial instrument category;

(g) The new standards also clarify the treatment of margin payments in the national accounts.

12. As indicated in paragraph 2 (c) above, the Working Group of the Commission has requested ISWGNA to notify in advance all members of the Statistical Commission regarding any substantive interpretations or changes to the 1993 SNA. Consequently, ISWGNA will shortly circulate a document explaining the changes to the 1993 SNA entailed by the IMF proposal regarding financial derivatives. Members of the Commission will then have a 30-day period during which they can review the proposed changes. It is expected that this review will be finished by the end of 1998 or early 1999, so that if the Commission agrees in March 1999 with the updating policy endorsed by the Working Group of the Commission, the proposal would be considered as adopted.

2. Functional classifications

13. Document PROV/ST/ESA/STAT/SER.M/84 contains a complete set of all four revised classifications of expenditures according to purpose, which in the 1993 SNA are referred to as functional classifications. During the revision process, the Organisation for Economic Cooperation and Development (OECD) took the leadership regarding the Classification of the Functions of Government (COFOG), the Classification of Individual Consumption by Purpose (COICOP) and the Classification of the Purposes of Non-profit Institutions serving Households (COPNI), whereas the United Nations Statistics Division contributed primarily to the revision of the Classification of Outlays of Producers by Purpose (COPP). Both bodies cooperated in the preparation of the introductory chapter.

14. The four classifications are primarily designed to classify transactions undertaken by government, households, non-profit institutions serving households (NPISHs) and producers which result in "payables" – that is, money paid or due for the acquisition of current and capital goods or of labour and other services, for the acquisition of financial assets or for the extinction of financial liabilities. In particular:

(a) COFOG and COPNI are used to classify a range of transactions, including outlays on final consumption expenditure, intermediate consumption, gross capital formation and current and capital transfers, by general government and NPISHs, respectively;

(b) COICOP is used to classify only a single kind of outlay — the individual consumption expenditures of households, NPISHs and general government;

(c) COPP is used to classify intermediate consumption and capital outlays of financial and non-financial corporations.

15. It is at the class or four-digit level that the classifications are defined. The 1993 SNA, however, only outlines the structures of the classifications at the two-digit level for COPNI and at the three-digit level for COICOP, COFOG and COPP. The revision included restructuring and defining the classifications based on previous classifications: the Classification of Household Goods and Services and the Classification of the Purposes of Private Non-Profit Bodies serving Households of the 1968 SNA; the Classification of the Functions of Government (COFOG, ST/ESA/STAT/SER.M/70, issued in 1980) and the Classification of Outlays of Industries by Purpose (COIP, ST/ESA/STAT/83, published in 1975). The definitions of the categories have been refined to clarify their contents and remove ambiguities, and many cross-references have been introduced in the form of exclusions. In addition, the classifications have been restructured to achieve a better balance between major functions and to identify more precisely those functions that are of increasing policy concern, such as environment protection, social protection and research and development expenditures. There are close links between the four classifications. Once the consumption expenditures of NPISHs and general government have been classified according to COPNI and COFOG, the individual consumption expenditures in these two classifications can be transferred directly into Division 13 and 14 of COICOP. Also, there are several functions that are common to two or more of the four classifications, and they have been clearly identified in a table. They reflect socio-economic objectives that are currently regarded as important in most countries, such as health, education, social protection, environment and housing.

16. Even though these classifications according to purpose are an integral part of the central framework of the SNA, they are also used in other statistical areas, such as

household budget surveys, consumer price indexes, international comparison programmes of purchasing power parities or of the extent to which governments are involved in economic and social functions and satellite accounting.

17. After the Commission approves the publication of the Classifications of Expenditure according to Purpose and agrees with the updating policy endorsed by its Working Group, ISWGNA will prepare and circulate a proposal to update the 1993 SNA similar to the one prepared for financial derivatives. The document will outline all the changes to chapter 18 on functional classifications and annex V on classifications and accounts of the 1993 SNA , and members of the Commission will be given 30 days to review it before it is adopted.

III. Integrated presentation of work programmes to support implementation

18. Tables 2 and 3 give an integrated presentation of the work programme of the ISWGNA member organizations in support of SNA implementation in the standard format used in previous ISWGNA reports. Table 2 contains a complete enumeration of manuals and other support materials, while table 3 lists meetings and research activities held since the last session of the Commission in February 1997 and those planned for the near future. Some highlights are set out below.

19. With the publication of the Russian and the Spanish versions of the 1993 SNA in 1998, the translation process has been completed and the document is now available in all six official United Nations languages. In addition, it is known to ISWGNA that a number of countries have translated all or parts of the 1993 SNA into other languages. The CD-ROM, which contains the English language version only, continues to be in high demand.

20. The newsletter *SNA News and Notes*, which is published biannually in four languages and posted on the Internet, remains a popular output of ISWGNA. In order to clarify the status of its articles, the categories "official ISWGNA position", "for discussion" and "for information" have been introduced. Also, the SNA hotline associated with the newsletter (e-mail address <sna@un.org>) is being used increasingly for conceptual questions and exchange of experience.

21. Regarding handbooks and other support material, the United Nations Statistics Division has completed and published four handbooks on the topics "Input-output table compilation and analysis", "Links between business and national accounts", "Household accounting: experiences in the use of concepts and their compilation" and "A systems approach to national accounts compilation". IMF will issue a manual on monetary and financial statistics in early 1999. The Statistical Office of the European Communities (Eurostat) has published a handbook on quarterly accounts.

22. The United Nations Statistics Division has extended its cooperation with the regional commissions, and has launched a series of regional or subregional workshops, at Bangkok in October 1998, together with the Economic Commission for Asia and the Pacific; at Addis Ababa in December 1998 and June 1999, together with the Economic Commission for Africa (ECA); and at Rio de Janeiro in November 1998, together with the Economic Commission for Latin America and the Caribbean and the National Statistical Institute of Brazil. The topical orientation of these events (links with business accounts, practical experience with institutional sector accounts) reflect regional priorities. Mindful of the decision of the Statistical Commission on prioritizing support for countries with weak national accounts infrastructures, the United Nations Statistics Division and the regional commissions are targeting those countries in particular. In this context, the Division has started work on a training manual that will provide a practical basic introduction to the compilation of the 1993 SNA. In addition, ECA has conducted national training workshops in Ethiopia and the Democratic Republic of the Congo on methods of estimating gross capital formation and on the main features of the 1993 SNA, respectively.

23. In accordance with the decision of the Statistical Commission, the new national accounts data questionnaires based on the 1993 SNA and the European System of Integrated Economic Accounts, 1995 (ESA 1995) will be implemented in 1999. Since the 1993 SNA and ESA 1995 are fully consistent, an architecture of data-sharing between Eurostat, OECD and the United Nations has been agreed upon, so that each country will receive only one questionnaire. In order to support the implementation of the 1993 SNA questionnaire, OECD has prepared a glossary of SNA terms, which will be included in the booklet of instructions and definitions that will accompany the new questionnaire.

24. ISWGNA has also conducted a review of its research agenda, and has published a status report in *SNA News and Notes*, No.6 (July 1997). The United Nations Statistics Division is currently working on a handbook on uses of national accounts, and will cooperate with Johns Hopkins University on a handbook on the non-profit institutions. IMF

is pursuing its work on the *Manual of Government Finance Statistics*. With the latter two handbooks, a series of handbooks and manuals will be completed supporting each of the institutional sector accounts identified in the 1993 SNA. Eurostat continues its research and practical testing with regard to financial intermediation services indirectly measured. Eurostat has also prepared a legal text clarifying the ESA as concerns the principles for measuring prices and volumes. In 1998, Eurostat started a research programme to further investigate the issue of price and volume measures. This programme should be completed by the end of 2000. ECA, with other members of the Coordinating Committee on African Statistical Development, will be researching into gender in the national accounts, specifically with respect to the inclusion of a gender perspective.

IV. Points for discussion

25. The Statistical Commission is requested to comment on the following points:

(a) Does the Statistical Commission agree with the proposed mechanism for updating the 1993 SNA and the two concrete proposals with regard to treatment of financial derivatives and to functional classifications?

(b) Does the Statistical Commission approve the publication of the draft classifications of expenditure according to purpose (PRO/ST/ESA/STAT/SER.M, No. 84)?

(c) Are there any priority areas that the Statistical Commission wishes to identify regarding the proposed work programme of the members of ISWGNA in support of SNA implementation?

Table 1
Proposed updating procedure for the System of National Accounts, 1993

	Type of amendment			
Stage of handling	*Editorial amendment*	*Clarification beyond dispute*	*Interpretation*	*Change*
Proposal	ISWGNA reviews the proposed amendment and classifies it			
Preliminary drafting	ISWGNA	ISWGNA	ISWGNA assisted by a panel of experts	ISWGNA assisted by a panel of experts
First discussion			Working parties or regional panels of experts	Working parties or regional panels of experts
Second discussion				National statistical offices in all regions
Final drafting			ISWGNA assisted by a panel of experts	ISWGNA assisted by a panel of experts
Approval	ISWGNA	ISWGNA	Member countries of the Statistical Commission during 30-day period	Member countries of the Statistical Commission during 30-day period
Publication	Errata sheet	*SNA News And Notes*, then periodic booklet	*SNA News And Notes*, then periodic booklet	*SNA News And Notes*, then periodic booklet

Table 2

Manuals, handbooks and supporting materials for SNA implementation prepared or being prepared by member organizations of the Intersecretariat Working Group on National Accounts

Manuals, handbooks, compilation manuals and software in support of national accounts compilation	*Responsible ISWGNA member organization*[a]	*Status*	*Date of publication issue*
1. *Guidebook to Statistics on the Hidden Economy*	ECE	Published	1992
2. *Balance of Payments Manual*	IMF	Published	September 1993
3. *Handbook on Integrated Environmental and Economic Accounting*	UNSD	Published	December 1993
4. *Balance of Payments Compilation Guide*	IMF	Published	December 1994
5. "An approach to presenting the 1993 SNA, with an operational application"	ESCWA	Published	December 1994
6. Manual on the 1993 SNA compared to the 1968 SNA	ESCWA	Published	December 1994
7. *Environmental Accounting: An Operational Perspective*, DESIPA Working Paper, No. 1	UNSD	Published	1994
8. Selected methodological papers on the European Comparison Programme (ECP) from group II workshop	OECD	Published	1995
9. *Integrated Satellite Accounting, Socio-economic Concerns and Modelling*, DESIPA Working Paper, No. 10	UNSD	Published	1995
10. *A Systems Approach to National Accounts Compilation: UNSD's Experiences in Implementing the SNA*, DESIPA Working Paper, No. 9	UNSD	Published	1995
11. *Balance of Payments Textbook*	IMF	Published	1995
12. *Handbook on Regional Accounts*	Eurostat		
Vol. 1. *Gross Value Added and Consumption of Fixed Capital by Activity*		Published in nine languages	1995
Vol. 2. *Household Accounts*		Published in nine languages	1996
Vol. 3. *Government Accounts*		Forthcoming	1998
13. *Handbook on Methods Used by OECD Member Countries to Measure Value Added in Service Activities at Constant Prices*	OECD	Published	February 1996
14. *Quarterly National Accounts: Sources and Methods Used by OECD Member Countries*	OECD	Published	May 1996
15. CD-ROM version of the 1993 SNA	UNSD	Published	May 1996
16. Arabic translation of the 1993 SNA	ESCWA/UNSD	Published	June 1996
17. Chinese translation of the 1993 SNA	UNSD	Published	September 1996
18. ESA 1995 (official languages)	Eurostat	Published	October 1996
19. CD-ROM version of ESA 1995 (11 official languages)	Eurostat	Published	November 1996
20. *Handbook on Inflation Accounting*	OECD	Published	November 1996
21. *Handbook on SNA for Transition Economies*	UNSD	Published	May 1997
22. French translation of the 1993 SNA, in close cooperation with INSEE, France	Eurostat	Published	October 1997
23. Spanish translation of the 1993 SNA, in close cooperation with INE, Spain	ECLAC	Published	September 1998
24. Russian translation of the 1993 SNA	IMF	Published	August 1998

Manuals, handbooks, compilation manuals and software in support of national accounts compilation	*Responsible ISWGNA member organization*[a]	*Status*	*Date of publication issue*
25. Manual on monetary and financial statistics	IMF	Draft discussed by Expert Group in November 1996	Early 1999
26. Handbook on quarterly accounts	Eurostat	Published	End-1998
27. Handbook on a systems approach to national accounts compilation	UNSD	Submitted for publication end-1997	1998
28. Handbook on input-output table compilation and analysis	UNSD	Submitted for publication October 1997	1998
29. Classifications of expenditure according to purpose: COFOG, COICOP, COPNI and COPP	OECD/UNSD	Final draft submitted to Statistical Commission for endorsement	October 1998
30. Commission decision clarifying the ESA as concerns the principles for measuring prices and volumes	Eurostat	To be submitted for publication in 1998	1999
31. Glossary for the 1993 SNA	OECD	Work in progress	1998
32. Development of new national accounts questionnaires based on the 1993 SNA/ESA 1995	UNSD, Eurostat and OECD	Ongoing	1999
33. Handbook on links between business and national accounting	UNSD	Submitted for publication in December 1997	1998
34. Handbook on household accounting: experiences in the use of concepts and their compilation	UNSD		
Vol. 1. Household sector accounts		Submitted for publication in December 1997	1998
Vol. 2. Household satellite accounting		Submitted for publication in March 1998	1999
35. Handbook on the use of macro-accounts for policy analysis	UNSD	Discussed at an expert group meeting in October 1998	1999
36. Handbook on the non-profit institutions, in cooperation with Johns Hopkins University	UNSD	Work started in October 1998	2000
37. *Manual on Government Finance Statistics*: revision of the 1986 *Manual*	IMF	Chapters to be circulated for comments to member countries in December 1998	2000
38. Handbook on the computerization of national accounts	UNSD	Draft will be discussed at an expert group meeting in mid-1999	2000
39. Guide for compiling the 1993 SNA: a practical introduction	UNSD	Work in progress	2000
40. Integrated environmental and economic accounting: an operational manual (in cooperation with the Nairobi Group)	UNSD	Will be submitted for publication in February 1999	1999
41. Integrated environmental and economic accounting for forestry, in cooperation with FAO	UNSD/Eurostat/World Bank	Complete draft circulated for comments	1999
42. Integrated environmental and economic accounting for fisheries, in cooperation with FAO and UNU	UNSD	Rough draft of selected chapters	1999

[a] For acronyms, see foot of table 3.

Table 3

Summary of activities related to the System of National Accounts carried out by member organizations of the Intersecretariat Working Group on National Accounts

	I	*II*
ISWGNA member organization	*Meetings, training seminars and workshops, courses etc.*	*Research activities designed to solve conceptual and practical problems*
	A. *International organizations*	
1. Eurostat	(a) Training courses on national accounts statistics in practice (26 May–6 June 1997) (b) Series of meetings of the Eurostat Directorate on Economic and Monetary Statistics (c) Joint Eurostat/OECDC/ECE meetings on national accounts (Paris, 3–6 June 1997) (d) Convening of a task force on the price and volume measurement in the revised ESA (1996–1997) (e) Convening of a task force on intangible assets in the revised ESA (July 1997) (f) Training of European Statisticians courses on ESA 1995: sector accounts (17–19 November 1997); financial accounts (11–13 May 1998); quarterly accounts (28–30 September 1998); non-financial accounts (7–9 December 1998); regional accounts (Munich, 11–13 January 1999)	(a) Examination of the allocation of FISIM in the revised ESA (1995–1997) (b) Examination of methodologies and country practices to produce "green national accounting" (c) Proposal of a work programme on the exhaustiveness of national accounts (1995–1998) (d) Examination of methods used to compile accounts of member States as part of implementing the GNP Directive (1994–1998) (e) Set-up of a programme measuring the progress made in implementing ESA 1995 throughout Europe (EU, EEA and PACs) (ongoing) (f) Continued research on consumer subsidies (1997) (g) Continued examination on the revision of COICOP/COFOG (h) Cooperation with pre-accession countries on the implementation of ESA 1995 and quality measurement of national accounts estimates (ongoing) (i) Work programme entitled "Regional GDP figures for candidate countries", screening of current methods (ongoing) (j) Task forces on volume measurement for health, education and public administration (1998)

	I	*II*
ISWGNA member organization	*Meetings, training seminars and workshops, courses etc.*	*Research activities designed to solve conceptual and practical problems*
2. IMF	(a)	(a)
	National accounts course on concepts and practical implementation of the 1993 SNA (annual: Washington, D.C., June–July 1998; Vienna, third course 1997, at the Joint Vienna Institute)	Study relationships between measurement of FISIM and weighted money measures
	(b)	
	Seminar on quarterly national accounts (Thailand, March 1998)	
	(c)	
	Regular courses on balance-of-payments, government finance and monetary statistics that include sections on national accounts and the links between these specialized statistical systems and national accounts	
3. OECD	(a)	(a)
	Joint OECD/ECE/Eurostat meeting on national accounts (Paris, 3–6 June 1997)	Research project on the evaluation of household production within a national accounting framework, which would include drawing up recommendations for standard classifications and accounts (1995–1996)
	(b)	(b)
	Joint OECD/ECE meeting of CIS national accounts experts (Geneva, 20–24 October 1997)	Continued research to elaborate possible methodologies for treating effects of environmental depletion and degradation within the framework of the 1993 SNA
	(c)	
	Joint OECD/ESCAP meeting on national accounts (Bangkok, 4–8 May 1998)	
	(d)	
	OECD annual meetings on national accounts (Paris, 22–25 September 1998; autumn 1999)	
	(e)	
	OECD meeting on measuring depletion in the national accounts (Paris, 28 September 1998)	
	(f)	
	Capital stock conference (second meeting of the Canberra Group, Paris, 29 September–1 October 1998)	
	(g)	
	OECD national accounts training course for CIS countries (Paris, March 1997)	
	(h)	
	Joint OECD/ECE meeting on national accounts (Geneva, April 2000)	
4. UNSD	(a)	(a)
	Expert group meeting on links between business and national accounting (New York, 18–22 August 1997)	Ongoing research work on household satellite accounting, including human resources accounting
	(b)	(b)
	Expert group meetings on international economic and social classifications (New York, 1–3 December 1997; 2–4 November 1998; February 2000)	Work on revision and further development of the classifications of producers by purpose (COPP) (1997–1998)

	I	II
ISWGNA member organization	*Meetings, training seminars and workshops, courses etc.*	*Research activities designed to solve conceptual and practical problems*
	(c)	(c)
	Expert group meeting on household satellite accounting (New York, 6–10 October 1997)	Joint project with Johns Hopkins University to study non-profit institutions
	(d)	(d)
	UNSD/ESCAP/ILO workshop on statistics on the informal sector (Bangkok, 12–16 May 1997)	Ongoing work on further development of integrated environmental and economic accounting
	(e)	
	Expert group meeting on the use of macro-accounts for policy analysis (New York, 5–9 October 1998)	
	(f)	
	Expert group meeting on computerization of national accounts (New York, 1999)	
	(g)	
	Expert group meeting on the production accounts for the financial sector (New York, 2000)	
	(h)	
	Expert group meeting on non-profit institutions (New York, 2000)	
	(i)	
	Expert group meeting on reconciling international commodities classifications for trade, industry and national accounts (New York, 2000)	
	(j)	
	Expert group meeting to set priorities for the updating/revision of ISIC, Rev.3	
5. World Bank	(a)	(a)
	Seminar on problems in the countries of the former USSR in moving to the 1993 SNA (Washington, D.C., November 1997)	Support for the International Comparison Project (ICP) initiative, seminars on methodologies
	(b)	(b)
	Seminar on prices and purchasing power parities (Washington, D.C., April 1998)	Preparation of training manual for use within the World Bank on the integration of environmental concerns with the SNA
	(c)	(c)
	Seminar on national accounts and the new SNA in Lithuania (May 1998)	Measurement of poverty using purchasing power parities compiled for specific income levels
	(d)	(d)
	Workshop on quarterly national accounts (New Delhi, October 1997)	Research into substitution bias and additivity in annual chained national accounts

ISWGNA member organization	I Meetings, training seminars and workshops, courses etc.	II Research activities designed to solve conceptual and practical problems
	B. *Regional commissions*	
6. ECA	(a) Workshop on compilation of public sector accounts in the framework of the 1993 SNA (bilingual) (Addis Ababa, 27–31 October 1997) (b) Subregional workshop on SNA 1993 implementation for North African countries (Tangier, 10–14 June 1998) (c) Joint ECA/UNSD workshops on corporate accounts, with emphasis on links between business and national accounts (for English-speaking countries, 7–11 December 1998, for French-speaking countries, June 1999) (d) Workshop on environmental indicators and accounting (Addis Ababa, November 1997; for French-speaking countries, 1999) (e) Joint ECA/UNSD workshop on environmental indicators and accounting (Addis Ababa, October 1998)	(a) Task force on gender in the national accounts (1999–2000)
7. ECE	(a) Joint ECE/Eurostat/OECD meeting on national accounts (Paris, 3–6 June 1997) (b) Joint OECD/ECE meeting of national accounts experts from CIS countries (Geneva, 20–24 October 1997)	(a) Project on capital stock for transition economies; case studies during 1998 examining methods currently used; developing improved methods of estimation (b) Continued support for the European Comparison Project within the ICP project of the United Nations (c) Organizing a session on the specific conceptual and practical accounting problems of countries in transition at the Conference of the IARIW (Norway, 18–24 August 1996, and Cambridge, United Kingdom, August 1998)
8. ECLAC	(a) Working group on standards for the valuation of the implementation of the 1993 SNA in countries (Santiago, May 1997)	(a) Country surveys on sources of basic statistics and national accounts (1995)

ISWGNA member organization	I Meetings, training seminars and workshops, courses etc.	II Research activities designed to solve conceptual and practical problems
	(b) International courses on national accounts by the Centro de Estudios Monetarios Centroamericanos, sponsored by the Argentinian Government (Buenos Aires, 20–24 October 1997), the Central Bank of Honduras (Tegucigalpa, 17–28 August 1998) and the Central Bank of Paraguay (Asuncion, March 1999)	(b) Second survey on progress in the implementation of the 1993 SNA (September–October 1996)
	(c) Refresher course on sustainable and human development concepts, macroeconomic modelling, environmental accounts and systems of social indicators, consistent with the 1993 SNA, Institute of Social Studies of the Netherlands/ECLAC (Santiago, 1–13 December 1997)	(c) Third survey on progress in the implementation of the 1993 SNA (August–September 1997)
	(d) Joint ECLAC/UNSD regional workshops on implementation of the 1993 SNA, hosted by the Brazilian Statistical Institute, Rio de Janeiro, 23–27 November 1998; the Mexican Statistical Institute, 1999; and a Caribbean country, 1999	
	(e) Joint ECLAC/UNSD workshops on integrated environmental and economic accounting in Santiago, 20–24 April 1998; and Trinidad, August 1999	
9. ESCAP	(a) Workshops to review ICP data inputs (Beijing, 16–20 June 1997)	(a) Continued support for the International Comparison Programme, phase VI, in the Asia and Pacific region for the reference year 1999, in cooperation with the World Bank and OECD
	(b) ESCAP/UNSD/ILO workshop on statistics on the informal sector (Bangkok, 12–16 May 1997)	
	(c) First workshop on the implementation of the 1993 SNA (Bangkok, 12–16 October 1998)	
	(d) ESCAP/OECD meeting on national accounts: the 1993 SNA five years on (Bangkok, 4–8 May 1998)	
10. ESCWA	(a) National training courses on concepts and data requirements of the 1993 SNA (Oman, April 1997; Syrian Arab Republic, December 1997)	
	(b) Regional training courses on concepts and data requirements of the 1993 SNA for Arab countries (Lebanon, November 1997)	

	I	*II*
ISWGNA member organization	*Meetings, training seminars and workshops, courses etc.*	*Research activities designed to olve conceptual and practical problems*
	(c)	
	Expert group meeting on the evaluation of the initial stages of the implementation of 1993 SNA in the ESCWA region (Lebanon, May 1998)	
	(d)	
	Joint ESCWA/UNSD workshop on environmental indicators and accounting (Cairo, November 1998)	

List of acronyms

CIS	Commonwealth of Independent States
COFOG	Classification of the functions of the Government
COICOP	Classification of individual consumption by purpose
COPP	Classification of producers by purpose
COPNI	Classification of the purposes of non-profit institutions serving households
DESIPA	Former Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
EEA	European Economic Area
ESA	European System of Integrated Economic Accounts
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
Eurostat	Statistical Office of the European Communities
FISIM	Financial intermediation services indirectly measured
GDP	Gross domestic product
GNP	Gross national product
IARIW	International Association for Research in Income and Wealth
ICP	International Comparison Programme
ILO	International Labour Organization
IMF	International Monetary Fund
INE	Instituto Nacional de Estadística (Spain)
INSEE	Institut national de la statistique et des études économiques (France)
OECD	Organisation for Economic Cooperation and Development
PACs	Pre-accession countries
UNSD	United Nations Statistics Division

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Milestone assessment of the implementation of the System of National Accounts, 1993 by member States

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its twenty-ninth session.[1] Section I contains background information on the definition and measurement of the milestones for implementation of the System of National Accounts, 1993. Section II contains tables of the milestone assessment for member States, covering the period 1992–1997. For comparison, the assessment for the period 1990–1995, which was before the Commission at its twenty-ninth session as a background document, is also included in table 1. In section III, the regional commissions present qualifying country notes and comments on the assessment. Section IV contains a brief analysis of the changes in the assessment over the last two years, and section V concludes the report with points for discussion.

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 46 (b).

* E/CN.3/1999/1.

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I. Definition and measurement of milestones

1. At its twenty-eighth session (27 February–3 March 1995), the Statistical Commission requested the Intersecretariat Working Group on National Accounts (ISWGNA) to define criteria against which progress regarding the country implementation of the System of National Accounts, 1993 (1993 SNA) could be judged.[1] ISWGNA subsequently developed the set of six so-called milestones. Higher milestone levels correspond to increasingly complex national accounting systems. Countries at level 1 are characterized by compiling gross domestic product at current and constant prices, broken down by kind of economic activity and final expenditure. Level-2 group countries add to the gross domestic product (GDP) information the main macroeconomic aggregates for the national economy and complete accounts for the rest of the world. Levels 3 to 6 then introduce institutional sector accounts, ranging from production accounts (level 3), income and capital accounts (level 4) and financial accounts (level 5) to balance sheet information (level 6). With regard to specific sectors, priority was given to the general government (level 3).

2. The purpose of the milestone development was twofold. On the one hand the milestones were supposed to provide some guidance to countries who were considering expanding their national accounting coverage in line with the recommendations of the 1993 SNA, although it was always emphasized that the specific implementation process chosen is entirely the responsibility of the individual country. On the other hand, the milestones constitute a monitoring instrument that permits the measurement of the level of national accounts development at different points in time. In this context, it was expected that the milestone assessment would permit the identification of the groups of countries (by type or by region) that would need particular attention from the international community.

3. In an effort to operationalize the milestone definition, the United Nations Statistics Division, in cooperation with the regional commissions, developed a methodology for the assessment of individual countries. The evaluation is based on the data reported to the Division in its annual national accounts questionnaire. Alternative measurements could have been based on auto-assessments by countries or external ad hoc assessments by national accounts experts, e.g., in international organizations. However, basing the assessment on data actually available at the international level was preferred as more objective. It was also hoped that this assessment method would provide countries with an additional incentive to report data to the international user community. Even though the prime objective of the 1993 SNA is clearly to enable countries to compile their specific economic data set, an important secondary objective is to improve the international database on national accounts. In an increasingly globalized world, the number of users of consistent and comparable intercountry data is increasing steadily.

4. The mechanics of the assessment methodology can be summarized as follows. A cut-off date for the analysis is chosen, which for this year's analysis was 30 November 1998. Then a number of 26 key tables in the United Nations Statistics Division database are analysed, which have been identified as relevant for the milestone assessment. A country is assessed at a particular milestone level, provided it meets criteria, according to which it has to have data for a certain combination of key tables.[2]

5. Of particular importance for the assessment is the time-frame chosen. The time-frame for the new analysis presented in the present report is 1992–1997. It should be re-emphasized that the following relatively weak criterium is used: a country is considered to have implemented a specific table if it has reported data for this table at least once during the predefined time-frame. Hence, this criterium is not able to distinguish between benchmark and annual compilation efforts.

6. When looking at the assessment table, one should bear in mind the limitations as well as the advantages of this assessment exercise. First, the problem of under-reporting still exists since countries compile comprehensive data systems without reporting them to international organizations. Second, the assessment method is not sensitive to data quality; in particular, this assessment cannot detect whether countries have made efforts to actually implement specific conceptual recommendations of the 1993 SNA as opposed to the 1968 SNA. On the other hand, this mechanical assessment method is quick, low cost and easy to repeat at regular intervals.

7. In a letter dated 14 October 1997, the Director of the United Nations Statistics Division informed national statistical agencies about the assessment and the methodology used, soliciting comments on both topics. From the 12 responses received, it could be inferred that the milestones and the measurement methodology used were accepted despite certain limitations. It was suggested that at the time of the adaptation of the methodology to the new 1993 SNA data questionnaire to be implemented in 1999, certain refinements might be considered.

II. Milestone assessment of member States for 1992–1997

8. Table 1 presents the milestone assessment for member States. Countries are listed alphabetically, by region. The first column serves as reference column and presents the milestone assessment based on the 1990–1995 period, as it was presented to the Commission at its twenty-ninth session. The new assessment is based on the 1992–1997 period and is presented in the second column. The third column reflects the point difference between the first two. A milestone index per region is also calculated, which calculates the weighted average of the milestone assessments for countries in that particular region. Population figures for the year 1994 are used as weights. Table 2 presents a summary by region.

Table 1
Milestone assessment

Regions/member States	*Milestone 1990–1995*	*Milestone 1992–1997*	*Difference*
Africa	1.03	0.85	
Algeria	0	0	
Angola	2	0	-2
Benin	0	0	
Botswana	1	1	
Burkina Faso	0	0	
Burundi	1	0	-1
Cameroon	1	0	-1
Cape Verde	0	0	
Central African Republic	0	0	
Chad	1	1	
Comoros	0	0	
Congo	0	0	
Côte d'Ivoire	2	2	
Democratic Republic of the Congo	0	0	
Djibouti	0	0	

Regions member States	*Milestone 1990-1995*	*Milestone 1992-1997*	*Difference*
Egypt	1	0	-1
Equatorial Guinea	1	0	-1
Eritrea	0	0	
Ethiopia	0	0	
Gabon	0	0	
Gambia	1	1	
Ghana	0	0	
Guinea	0	0	
Guinea-Bissau	1	0	-1
Kenya	2	2	
Lesotho	2	2	
Liberia	0	0	
Libyan Arab Jamahiriya	0	0	
Madagascar	0	0	
Malawi	1	2	1
Mali	2	2	
Mauritania	0	0	
Mauritius	2	2	
Morocco	2	2	
Mozambique	0	0	
Namibia	2	2	
Niger	0	0	
Nigeria	2	2	
Rwanda	0	0	
Sao Tome and Principe	0	0	
Senegal	1	1	
Seychelles	2	0	-2
Sierra Leone	2	0	-2
Somalia	0	0	
South Africa	2	2	
Sudan	0	0	
Swaziland	1	1	
Togo	0	0	
Tunisia	2	2	
Uganda	1	1	
United Republic of Tanzania	2	2	
Zambia	1	0	-1
Zimbabwe	2	0	-2
North America	6.00	6.00	
Canada	6	6	
United States of America	6	6	
Latin America and the Caribbean	2.23	2.10	
Antigua and Barbuda	0	1	1
Argentina	1	1	

Regions member States	*Milestone 1990–1995*	*Milestone 1992–1997*	*Difference*
Bahamas	2	2	
Barbados	1	1	
Belize	1	1	
Bolivia	2	2	
Brazil	2	2	
Chile	2	3	1
Colombia	4	4	
Costa Rica	2	2	
Cuba	1	1	
Dominica	1	0	-1
Dominican Republic	2	2	
Ecuador	5	5	
El Salvador	2	2	
Grenada	1	0	-1
Guatemala	2	2	
Guyana	1	1	
Haiti	2	2	
Honduras	2	2	
Jamaica	1	1	
Mexico	2	2	
Nicaragua	0	0	
Panama	2	2	
Paraguay	1	1	
Peru	4	1	-3
Saint Kitts and Nevis	0	1	1
Saint Lucia	0	0	
Saint Vincent and the Grenadines	2	2	
Suriname	2	2	
Trinidad and Tobago	2	2	
Uruguay	2	0	-2
Venezuela	3	3	
Western Asia	1.63	1.72	
Bahrain	2	2	
Cyprus	2	2	
Iran (Islamic Republic of)	2	2	
Iraq	1	0	-1
Israel	2	3	1
Jordan	2	2	
Kuwait	1	1	
Lebanon	0	1	1
Oman	1	1	
Qatar	1	1	
Saudi Arabia	0	2	2
Syrian Arab Republic	1	1	

Regions member States	*Milestone 1990-1995*	*Milestone 1992-1997*	*Difference*
Turkey	2	2	
United Arab Emirates	2	0	-2
Yemen	2	2	
East, South-East and South Asia	1.83	1.86	
Afghanistan	0	0	
Bangladesh	1	1	
Bhutan	2	2	
Brunei Darussalam	0	0	
Cambodia	0	1	1
China	1	1	
Democratic People's Republic of Korea	0	0	
India	3	3	
Indonesia	1	1	
Japan	5	5	
Lao People's Democratic Republic	0	0	
Malaysia	2	2	
Maldives	0	0	
Mongolia	0	1	1
Myanmar	1	1	
Nepal	2	2	
Pakistan	1	1	
Philippines	2	2	
Republic of Korea	3	5	2
Singapore	1	1	
Sri Lanka	2	2	
Thailand	2	2	
Viet Nam	1	1	
Western Europe	4.37	4.17	
Andorra	0	0	
Austria	3	3	
Belgium	4	4	
Denmark	4	4	
Finland	5	5	
France	5	5	
Germany	5	4	-1
Greece	2	2	
Iceland	3	3	
Ireland	3	3	
Italy	4	4	
Liechtenstein	0	0	
Luxembourg	2	1	-1
Malta	4	4	
Monaco	0	0	
Netherlands	5	5	

Regions member States	*Milestone 1990–1995*	*Milestone 1992–1997*	*Difference*
Norway	3	4	1
Portugal	5	5	
San Marino	0	0	
Spain	4	4	
Sweden	5	5	
United Kingdom of Great Britain and Northern Ireland	4	4	
Eastern Europe	1.06	1.58	
Albania	0	0	
Bosnia and Herzegovina	0	0	
Bulgaria	1	2	1
Croatia	0	0	
Czech Republic	1	2	1
Hungary	3	4	1
Poland	1	1	
Romania	1	2	1
Slovakia	0	2	2
Slovenia	2	2	
The former Yugoslav Republic of Macedonia	2	2	
Yugoslavia	1	1	
Former USSR	1.07	1.12	
Armenia	0	0	
Azerbaijan	1	2	1
Belarus	1	1	
Estonia	2	2	
Georgia	0	0	
Kazakhstan	0	0	
Kyrgyzstan	2	2	
Latvia	2	2	
Lithuania	1	2	1
Republic of Moldova	0	1	1
Russian Federation	1	1	
Tajikistan	0	0	
Turkmenistan	0	0	
Ukraine	2	2	
Uzbekistan	1	1	
Oceania	3.92	3.59	
Australia	5	5	
Federated States of Micronesia	0	0	
Fiji	2	2	
Marshall Islands	0	0	
New Zealand	2	2	
Palau	0	0	
Papua New Guinea	2	0	-2

Regions member States	*Milestone 1990–1995*	*Milestone 1992–1997*	*Difference*
Samoa	0	0	
Solomon Islands	1	0	-1
Vanuatu	0	0	

Table 2
Summary table for milestone assessment

Milestone	*0*	*1*	*2*	*3*	*4*	*5*	*6*	*Total*	*Index*
Number of countries									
World	66	37	54	7	10	9	2	185	
Africa	35	6	12	0	0	0	0	53	0.85
North America	0	0	0	0	0	0	2	2	6.00
Latin America and the Caribbean	5	10	14	2	1	1	0	33	2.10
Western Asia	2	5	7	1	0	0	0	15	1.72
East, South-East and South Asia	5	9	6	1	0	2	0	23	1.86
Western Europe	4	1	1	3	8	5	0	22	4.17
Eastern Europe	3	2	6	0	1	0	0	12	1.58
Former USSR	5	4	6	0	0	0	0	15	1.12
Oceania	7	0	2	0	0	1	0	10	3.59
Percentage (number of countries)	35.7	20.0	29.2	3.8	5.4	4.9	1.1	100.0	

Note: The regional milestone index uses the country population figures as weights.

III. Qualifying country notes

9. The qualifying notes set out below were prepared by the regional commissions. They are meant to complement the assessment table by giving additional information on specific regional or country circumstances. In particular, they highlight situations where countries have compiled more national accounts data than they report to the United Nations Statistics Division.

A. Economic Commission for Africa

10. In 1995, the Economic Commission for Africa (ECA) conducted a comprehensive survey of African countries with respect to their current national accounts situation, as well as to future implementation plans for the 1993 SNA. Based on this study and on data available at ECA, the specialists of the regional commission recommend assessing the following 12 countries at level 1 rather than level 0 for the period 1992–1997: Benin, Burkina Faso, Cameroon, Central African Republic, Democratic Republic of the Congo, Djibouti, Ethiopia, Gabon, Mauritania, Niger, Seychelles, Togo.

B. Economic Commission for Europe

11. The countries of North America and Western Europe (European Union (EU) and European Free Trade Association (EFTA)) have reached milestones 3 to 6. The implementation of the 1993 SNA in these countries is supported mainly by the Statistical Office of the European Communities (Eurostat) and the Organisation for Economic Cooperation and Development (OECD).

12. According to the information available at the Economic Commission for Europe (ECE), Cyprus, Israel and Turkey have reached milestone 2, which corresponds to the assessment in the milestone assessment table.

13. Transition countries from Central and Eastern Europe have compiled the set of accounts from production to capital account up to milestone 4. Accounts by institutional sectors are available for most of them. Work is under way in these countries to develop financial accounts, and several of them have made experimental calculations. Some countries, such as the Czech Republic and Latvia, have even published financial accounts. In some of these countries, transactions with the rest of the world are partially covered; therefore, the accounts for that institutional sector are not yet fully covered.

14. The Russian Federation and the other Commonwealth of Independent States (CIS) countries have made considerable achievements in the area of national accounts since the beginning of the transition in 1991–1992. The majority of the countries (except Tajikistan and Turkmenistan) have implemented the main set of flow accounts of the 1993 SNA up to and including the capital account in current and constant prices, usually of the previous year. These accounts, together with a number of analytical tables, have been published. However, it should be noted that while the structure of the accounts has been set up, the quality of the estimates in certain areas have to be improved considerably. The quality and comprehensiveness of the accounts depend to a great extent on the improvement of basic statistics. Government finance statistics have to be developed or improved. In most CIS countries, transactions with the rest of the world are still not well covered.

15. The assessment given to the CIS countries in the milestone assessment table does not correspond to the information available at ECE. All CIS countries, except Tajikistan and Turkmenistan, should be given at least milestone 2 if not 3 for such countries as Belarus and the Baltic States (Estonia, Latvia, Lithuania). In addition, the Baltic States should be shown separately from the group of CIS countries because they are not members of CIS. Tajikistan and Turkmenistan should be given milestone 1.

16. It is suspected that CIS countries are under-reporting national accounts information to the United Nations Statistics Division, due to the difficulties for these countries of responding to the current data questionnaire, which is based on the 1968 SNA. Transition countries are not familiar with the 1968 SNA and its definitions.

17. The rest of the transition countries — Albania, Croatia, Bosnia and Herzegovina, and Yugoslavia — are at the initial stages of implementing the 1993 SNA. Albania, and Bosnia and Herzegovina have compiled GDP estimates by industry. Croatia has reached milestone 1.

C. Economic Commission for Latin America and the Caribbean

18. With the recent launching of a formal implementation programme in Honduras and Uruguay, 21 of the 33 countries of the region (Argentina, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica,

Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela) are working on the implementation of the 1993 SNA, based on their own objectives and with different degrees of progress.

19. The member countries of the Caribbean Community (CARICOM), plus Netherlands Antilles, Aruba and Bermuda, continue with the first phase of their harmonized programme, initiated in 1997, to implement their national accounting system.

20. In December 1997, Brazil joined the group of countries of the region (Bolivia, Mexico, and Trinidad and Tobago), which present regularly official national accounts estimates, which have been compiled based on the 1993 SNA. Of these countries, Mexico, which already disseminates official accounts and goods and services tables, including supply and use tables and estimates at constant prices of 1993, has now concluded a first compilation of its institutional sector accounts.

21. Even though the Dominican Republic was the first country of the region to implement the 1993 SNA, including a series of annual data for 1991–1997 and the development of quarterly accounts, it has still not released these data officially.

22. In Costa Rica, a certain delay of the implementation programme is expected due to the Government's decision to move in 1999 the responsibility to compile national accounts from the Central Bank of Costa Rica to the national statistical office.

23. It should be added that 13 of the 21 countries who are implementing the 1993 SNA are compiling supply and use tables as part of their production accounts. The other countries report that they are elaborating simplified product accounts by origin and type of expenditure. Sixteen countries are working on institutional sector accounts for at least one sector. Only 10 of those compile accounts for all their sectors. These accounts cover basically production accounts, income accounts and capital and financial accounts.

24. So far, in only two countries — Colombia and the Dominican Republic — does the work programme include plans to elaborate opening and closing balance sheets.

25. Two countries have had some experiences with compiling and publishing complete or at least partial satellite accounts: the Dominican Republic (tourism accounts) and Mexico (environmental accounts). In addition, a number of countries (Bolivia, Brazil, Chile, Colombia and Ecuador) have developed, even though they have not published, partial measures for the environment. In 1998, Peru started to develop a satellite account for the health sector.

26. The remaining countries continue to develop their respective implementation work programmes, and it is expected that at least three of them will produce results in 1999.

D. Economic and Social Commission for Asia and the Pacific

27. The Economic and Social Commission for Asia and the Pacific (ESCAP) discussed the milestone assessment at a recent subregional workshop on national accounts. The participating country experts offered thereby the comments set out below.

28. Bangladesh reported that trial compilations of production accounts for the Government and other sectors had started. Furthermore, flow-of-fund accounts are available in the Central Bank but not integrated with the national accounts.

29. Bhutan agrees with its level-2 assessment since GDP estimates are compiled by the production and expenditure method in constant and current prices. Furthermore, accounts

for the rest of the world as well as macroeconomic aggregates are prepared (however, they are prepared according to the 1968 SNA concepts).

30. Brunei Darussalam plans to compile GDP by economic activity and expenditure by the year 1999.

31. China agrees with its level-1 assessment since GDP estimates by industry and expenditure breakdown have been compiled since 1985 in constant and current prices. In addition, quarterly accounts and input-output tables for selected years are available, as well as flow of funds and balance of payment, whereby the latter two are being compiled by institutions other than the State Statistical Bureau. It is reported that the Hong Kong Special Administrative Region (SAR) of China has met the core requirement for milestone 2.

32. India agrees with its level-3 assessment, pointing out that production accounts for all institutional sectors, except households and non-profit institutions serving households, are compiled. India is in the process of switching to an accounting framework based on the 1993 SNA.

33. Indonesia indicates that it compiles all the necessary data up to milestone level 2 according to 1993 SNA standards. In addition, some elements of institutional sector accounting, input-output tables and social accounting matrices are being compiled.

34. The Republic of Korea agrees with its level-5 assessment.

35. Malaysia suggests that milestone level 4 has been reached, even though the data have not been provided to international organizations. The basic GDP calculation still follows the 1968 SNA. Subsequently, necessary changes for a conversion to the 1993 SNA are applied.

36. Pakistan reports that an extensive 1989–1990 supply and use table has been compiled, with some elements of institutional sector accounting. However, many gaps exist and work is considered to be in the initial phases.

37. The Philippines currently produce complete accounts for the nation and the rest of the world. Production accounts and income accounts are broken down by institutional sectors. Flow-of-funds accounts are also compiled in coordination with the central bank.

38. Singapore suggests for itself assessment level 2 since gross national product is published and macroeconomic aggregates are being reported to the United Nations Statistics Division. Institutional sector accounts have been developed by broad institutional sectors; however, more work is needed to implement 1993 SNA recommendations.

39. Sri Lanka points out that in addition to the macroeconomic aggregates, integrated accounts for the Government and input-output tables are being compiled.

E. Economic and Social Commission for Western Asia

40. The secretariat of the Economic and Social Commission for Western Asia (ESCWA) has organized a number of training courses, workshops and seminars to clarify and deepen the understanding of the concepts, definitions and classifications related to the System of National Accounts, the changes made to the 1968 System and the uses of the 1993 SNA for economic and social analysis. ESCWA activities in this field have also aimed at clarifying the statistical requirements for the application of the System, including requirements for the development of survey programmes and to build the technical teams required for the implementation of the 1993 SNA.

41. During the three years 1995–1997, 13 workshops and training courses were held in different ESCWA countries; there were 293 participants, 258 of which were from ESCWA member States, while 35 were from Arab countries which are not ESCWA member States. These workshops and training courses were held at the national and regional levels.

42. In addition, an expert group meeting on the evaluation of the initial stages of the implementation of the 1993 SNA in the ESCWA region was held in Lebanon in May 1998.

43. As a result of these efforts, most ESCWA member countries had started the implementation of the SNA 1993 but are at different stages.

44. Some ESCWA countries, such as Bahrain, Egypt, Kuwait, Saudi Arabia and Yemen, have prepared, in cooperation with ESCWA, plans for the implementation of the 1993 SNA. Others, such as Jordan, Oman, Qatar and Syria, are more advanced in the implementation. Jordan, in particular, has prepared the following main accounts in accordance with SNA 1993: the production account; the generation of income account; the primary distribution of income account; the secondary distribution of income account; the redistribution of income in kind account; the use of disposable income account; and the use of adjusted disposable income account.

45. Technical assistance was provided by ESCWA in a way that serves the objectives of national accounts and the statistical needs of the 1993 SNA during its first stage of implementation; particular attention was given to industrial surveys, household expenditure and income surveys, prices and price indices.

IV. Analysis of milestone assessment

46. Comparing the two assessment columns in table 1 referring to the 1990–1995 and 1992–1997 periods, respectively, it may be observed that for 19 countries the assessment has improved, whereas 20 countries are assessed at a lower level. A closer look at the data of the latter group reveals that the decrease in the assessment does not reflect a recent deterioration of the data situation: these countries had reported certain tables until 1990 or 1991 but not thereafter, which makes their assessment drop when the 1992–1997 time-frame is used.

47. In general, the distribution of countries over the milestone levels has changed only marginally. The most noticeable shift is the increase of countries assessed at level 0: 66 countries (35.7 per cent) instead of 56 countries (30.4 per cent). This is due to the fact that 10 additional African countries have been assessed at level 0, so that this region now contains more than half of the countries for which basically no national accounts information is available. It may be interesting to observe that 15 of the 31 non-African countries assessed at level 0 are small countries with less than 1 million inhabitants.

48. The number of countries assessed at level 3 or higher, indicating that the country is publishing some form of institutional sector accounts, increased from 27 to 28 (15.2 per cent).

49. Despite the various reservations made with regard to the validity of the analysis, there seem to appear at least two clear regional trends:

(a) In Africa, 10 countries decreased in their assessment whereas only 1 country increased;

(b) There are three regions in which all change has been for the better (a total of 11 countries): East, South-East and South Asia, Eastern Europe and the former USSR.

50. Even though there are three regions that show a noticeable decrease in their regional index, a closer look shows that this is due mainly to the shift in the assessment of one relatively populous country for each of these three regions. This is the case with Western Europe, Latin America and the Caribbean, and Oceania.

51. As the country notes above indicate, serious problems persist, in particular regarding under-reporting of data. The analysis above has to be seen in this context, and any conclusion therefore has to be drawn with caution. It is hoped that once reporting according to the new data questionnaire has been established, this milestone assessment will become a more effective monitoring tool for change.

V. Points for discussion

52. The Commission is requested to:

(a) Express its views regarding the milestone assessment and its use;

(b) Suggest, if considered necessary, improvements for the assessment method that is being applied.

Notes

[1] See *Official Records of the Economic and Social Council, 1995, Supplement No. 8* (E/1995/28), para. 12 (a).

[2] For details regarding the six criteria, see background document entitled "Milestone assessment of member States", submitted to the Statistical Commission at its twenty-ninth session under agenda item 9, "National accounts".

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International trade statistics

Task Force on International Trade Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on International Trade Statistics (Convener: World Trade Organization), which is contained in the annex to the present report. The report is transmitted to the Commission in accordance with a request of the Commission at its twenty-ninth session[1] and a request of the Working Group on International Statistical Programmes and Coordination at its nineteenth session (see E/CN.3/1999/20, para. 10).

Notes

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), chap. IA.

* E/CN.3/1999/1.

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Annex

Task Force on International Trade Statistics

Report prepared by World Trade Organization (Convener)

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I. Introduction

1. At its twenty-ninth session (New York, 11–14 February 1997), the Statistical Commission:[a]

(a) Decided that the order of priority for carrying out methodological work should be:

(i) Preparation of a compiler's manual;

(ii) Preparation of a revision of *Customs Areas of the World*;[b]

(iii) Collection of technical information on index numbers of international trade statistics;

(b) Encouraged all countries to supply the commodity breakdown of their current and past international trade statistics to the United Nations Statistics Division, preferably in terms of the Harmonized Commodity Description and Coding System (HS), for the purpose of completing the Statistics Division database according to HS;

(c) Welcomed the adoption, by the Harmonized System Committee (HSC) of the World Customs Organization (WCO), of the draft recommendation that countries provide the United Nations Statistics Division with their international trade statistics according to HS and expressed its support for the adoption of that recommendation by the WCO Council;

(d) Decided that the Task Force on International Trade Statistics should continue to function and should address the issues set out in its report to the Commission (E/CN.3/1997/10, annex) and other issues within its established terms of reference;

(e) Adopted the draft revised concepts and definitions for international merchandise trade statistics (PROV/ST/ESA/STAT/SER.M/52/Rev.2),[c] subject to the Secretariat's incorporating amendments that would clarify the draft text while maintaining its structural integrity;

(f) Requested the Secretariat to publish and distribute the revised concepts and definitions;

(g) Also requested the Secretariat to work towards further harmonization of the concepts and definitions for international merchandise trade statistics with the *System of National Accounts 1993* (1993 SNA)[d] and the fifth edition of the *Balance of Payments Manual*, of the International Monetary Fund (IMF).[e]

2. At its nineteenth session (New York, 10–12 February 1998), the Statistical Commission's Working Group on International Statistical Programmes and Coordination:

(a) Noted the actions that the Task Force had taken and its plans for further action in relation to the requests made of it by the Statistical Commission at its twenty-ninth session;

(b) Endorsed the idea that the international trade statistics database maintained by the United Nations Statistics Division according to five commodity classifications from 1962 to date (Harmonized Commodity Description and Coding System,[f] 1996 and 1988 versions; and revisions 1, 2 and 3 of the Standard International Trade Classification) could be rationalized to a smaller number of classifications, and requested the Task Force to (i) study the burdens placed on international organizations by their having to maintain concordances and recompile international trade data according to those classifications; (ii) review the problem of maintaining comparable time series of trade; (iii) develop proposals on what to do in the medium- and long-term future, including a consideration of the use of the Central Product Classification, as suggested by the Commission at its twenty-seventh session; and (iv) include the results in its report to the Commission at its thirtieth session (see E/CN.3/1999/20, para. 10).

II. Compiler's manual

3. The Task Force endorsed a work plan that will result in the manual being completed in the year 2000. The manual will be developed as a synthesis of several available national and international manuals and amended to comply with the revised concepts and definitions. The manual will provide guidance on how to implement and interpret the International Merchandise Trade Statistics Concepts and Definitions, revision 2 (IMTS, Rev. 2) through further explanation and examples, particularly for border-line practices that may not be clear, but without extending the concepts and definitions as such; it will embody clarifications on how to calculate the adjustments mentioned in IMTS, Rev. 2 for balance-of-payments purposes. An outline has been prepared by the United Nations Statistics Division and was distributed to members of the Task Force and a number of countries in September 1998. Broad involvement and consultation with countries is planned.

III. Customs areas of the world

4. The United Nations Statistics Division prepared a questionnaire aimed at obtaining from countries detailed definitions of their statistical territories for international merchandise trade statistics in as standardized a format as possible. The Task Force endorsed the questionnaire, with some amendments. It also agreed to change the name of the publication to "Statistical territories of the world for use in international merchandise trade statistics". The publication is planned to be completed in 2000, but may be available ahead of schedule in 1999.

IV. Index numbers of international trade: technical information

5. The United Nations Statistics Division has started to collect technical information on country practices and has reviewed existing United Nations publications with a view to preparing a technical report after the publications mentioned in paragraphs 3 and 4 above are completed.

V. Provision by countries to the United Nations Statistics Division of international trade statistics in terms of the Harmonized System

6. The United Nations Statistics Division has continued its annual request to countries to supply their detailed international merchandise trade statistics to the Division in terms of the HS, or national classification if the country has not adopted the HS. The Council of the World Customs Organization (WCO), at its ninetieth session (Budapest, 16–19 June 1997), adopted a recommendation concerning the reporting of trade data to the United Nations Statistics Division (see appendix), which had been proposed by the Harmonized System Committee of the WCO and supported by the Statistical Commission. Subsequently, the WCO secretariat sent the recommendation to national customs administrations, and the United Nations Statistics Division sent it to national statistical offices, encouraging countries to comply with the recommendation.

VI. Continued functioning of the Task Force

7. The Task Force met for two days in 1997 and 1998 (19 and 20 March 1997, and 25 and 26 February 1998).[8] Members maintained considerable contact with each other in between the meetings.

VII. Revised concepts and definitions for international merchandise trade statistics

8. The United Nations Statistics Division revised the text adopted by the Commission, in accordance with the Commission's directions (see para. 1 (e) above) and submitted it for editing, translation, publication and dissemination. It was issued in English in September 1998, and is expected to be issued in Arabic, Chinese, French, Russian and Spanish over the ensuing year. The Task Force agreed that the revision would enter into force when it was published, allowing a two-to-three-year period from 1 January 1999 over which countries can implement it. This transition period will accommodate legal and technical requirements at the country level. Such a period would also allow for the publication of the compiler's manual. The Task Force intends to address the further harmonization of the concepts and definitions for international merchandise trade statistics with the 1993 SNA and the fifth edition of the *Balance of Payments Manual* of the International Monetary Fund (BPM5) in conjunction with the preparation of the compiler's manual (see para. 3 above). The compiler's manual will correspond to the concepts and definitions already approved by the Commission, and the findings related to further harmonization will be scheduled for subsequent study.

VIII. Possible rationalization of the commodity classifications in the Commodity Trade Statistics Database

9. The Task Force noted that the United Nations Statistics Division is currently maintaining data according to five commodity classifications in its Commodity Trade Statistics Database (Comtrade), namely HS 96 (for data from 1996); HS 88 (for data from 1988); the Standard International Trade Classification (SITC) revision 3 (for data from 1988); SITC,

revision 2 (for data from 1976); and SITC, revision 1 (for data from 1962). This is a large undertaking in terms of system maintenance, data processing and storage. The Task Force discussed various options for rationalization of the Database but did not reach a conclusion since each option for the reduction of commodity classifications currently maintained had serious deficiencies and would result in some important user needs not being satisfied. The Task Force also considered the possibility of incorporating data according to the Central Product Classification (CPC), and possibly also the International Standard Industrial Classification of All Economic Activities (ISIC) in the Database. In conclusion, the Task Force agreed to the following:

(a) The World Trade Organization (WTO) would prepare a short note supporting the use of SITC, Rev. 1 as the basis for long-term time series;

(b) Each organization would prepare a review on whether and how the various SITC revisions are used in their organizations;

(c) Each organization would provide its views on the inclusion of CPC and other classifications, such as ISIC;

(d) The United Nations Statistics Division would investigate modifying its usage-recording system in Comtrade to record which of the commodity classifications in that Database are used and the level of commodity detail used.

10. A note on the question of rationalization, including the results of the work mentioned in paragraphs 9(a) to (d) above, prepared by the United Nations Statistics Division subsequent to the Task Force meeting of 25 and 26 February 1998 and circulated to members of the Task Force for comment, is contained in an addendum to the present report (E/CN.3/1999/4/Add.1). It will be discussed by the Task Force at its meeting scheduled from 8 to 10 March 1999.

IX. Other matters

A. Flow of data among international organizations

1. Use by the United Nations Statistics Division of International Monetary Fund monthly data

11. Following the completion of reconciliation exercises in 1996 and 1997, the United Nation Statistics Division is using all series of aggregate imports and exports in national currency and unit value/price and volume (quantum) index numbers reported by countries to the International Monetary Fund (IMF) and published in the *International Financial Statistics* (IFS). The United Nations Statistics Division continues to collect or estimate data for countries not reporting to IMF (some 60 countries). The United Nations Statistics Division has tentatively decided to adopt the IMF series of aggregate import and export values published in IFS in United States dollars. The timing of implementation depends upon changes to be made to computer programmes and working out the full set of implications for conversion factors used by the United Nations Statistics Division in other areas of work.

2. Differences between annual figures in the Commodity Trade Statistics Database and in the United Nations Statistics Division/International Monetary Fund database of aggregate imports and exports

12. The United Nations Statistics Division has continued to review the differences between the annual values of aggregate imports and exports in United States dollars provided by countries and stored in the Comtrade (aggregate of detailed commodity-by-partner data) and the aggregate imports and exports also provided by countries and stored in the United Nations Statistics Division/IMF database. The aim is to harmonize these two data sets as far as possible. A number of differences have been explained and appropriate adjustments have been made either to Comtrade data or to the United Nations Statistics Division/IMF aggregate database; this work is ongoing.

3. Arrangements between the Statistical Office of the European Communities, the Organisation for Economic Cooperation and Development and the United Nations Statistics Division for detailed trade data

13. Eurostat, the Organisation for Economic Cooperation and Development (OECD) and the United Nations Statistics Division are trying to move towards common sourcing of commodity trade data to eliminate duplication in collection and processing, and to improve the comparability of the data maintained by the three organizations. A jointly prepared proposal is that (a) OECD and the United Nations Statistics Division would take Eurostat-processed data for the five European countries that have ceased collecting intra-community imports on a country-of-origin basis; (b) the United Nations Statistics Division would take OECD-processed data for other OECD countries; and (c) the United Nations Statistics Division would continue to collect and process data for all other countries and make them available

to Eurostat and OECD. Issues that are involved are differences in definitions between national data supplied to the Statistical Office of the European Communities (Eurostat) compared to national data supplied to OECD and the United Nations Statistics Division, differences in methods used by the United Nations Statistics Division, OECD and Eurostat to process national data, and timeliness. The three organizations agreed to implement the scheme in 1998, using 1997 data, on a test basis. The United Nations Statistics Division decided that it would use, in the first instance, copies of the national data received by OECD rather than copies of the OECD-processed data until a thorough review of the OECD and the United Nations Statistics Division processing methods is made to assess similarities and differences.

14. In effect, the United Nations Statistics Division received data for 1997 from Eurostat for five European countries, and is comparing that data with data for those countries received directly from the countries and from OECD. The comparison is intended to assess the comparability of the sets of data, and to assess whether the Eurostat-sourced data is sufficiently comparable to the data in Comtrade database to be taken into Comtrade. Also, the United Nations Statistics Division and OECD have exchanged information on the 1997 data that each has received from OECD member countries. This exchange is to allow the two organizations to see if the data supplied by the countries is identical, and to provide a basis for the United Nations Statistics Division to decide upon sourcing the data from OECD in future instead of from the countries themselves. The United Nations Statistics Division has continued its efforts to collect data from all other countries of the world. The processing of national data carried out by the United Nations Statistics Division, OECD and Eurostat will be studied in more detail in 1999.

B. Comtrade: status, plans and user needs

15. The flow of data into Comtrade continues to improve as a result of continuing cooperation from countries, intensive follow-up by the international organizations, where necessary, and from the sharing of data collected by the international organizations.

C. Trade in military goods

16. The Task Force noted that the HS Review Subcommittee had recommended and subsequently the HS Committee had provisionally adopted the following breakdown for military trade in the next revision of the HS:

(a) To split 8805.20 (ground flying trainers) into 8805.21 (air combat simulators) and 8805.29 (other);

(b) To split 89.06 (other vessels) into 8906.10 (warships) and 8906.90 (other);

(c) To split 93.01 (military weapons) into 9301.11-19 (artillery weapons), 9301.20 (rocket launchers etc.) and 9301.90 (other), and to split 93.05 (parts) into 9305.10 (of military weapons) and 9305.90 (other);

17. The Task Force considered that the issue of the recording of trade in military goods had been pursued as far as possible, and agreed to close the issue.

D. Other business

1. Review of technical cooperation

18. Members of the Task Force exchanged information on their technical cooperation activities. The Task Force requested members to keep Eurostat informed as the focal point.

2. Mandate of the Task Force and its future

19. While noting that the Statistical Commission had considered that the Task Force should be continued, the Task Force agreed with a WTO proposal to reconsider the mandate and work plan of the Task Force in 2 to 3 years.

3. Time and place of the next meeting

20. The Task Force decided to hold its next meeting from 8 to 10 March 1999 at the headquarters of IMF at Washington, D.C.

X. Points for discussion

21. The Commission may wish to:

(a) Decide whether the conclusions on rationalization of the Comtrade database, as set out in paragraphs 9 and 10 above and Addendum 1, especially paragraph 17, adequately respond to the request made by the Working Group on International Statistical Programmes and Coordination;

(b) Approve the arrangements for collaboration on data collection and processing set out in paragraphs 11 through 14 above.

Notes

[a] *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 39.

[b] Statistical Papers, Series M, No. 30/Rev.2 (United Nations publication, Sales No. E.89.XVII.12).

[c] Statistical Papers, Series M, No. 52/Rev.2 (United Nations publication, Sales No. E.98.XVII.16).

[d] Commission of the European Communities/International Monetary Fund/Organisation for Economic Cooperation and Development/United Nations/World Bank, *System of National Accounts, 1993* (Brussels/Luxembourg, New York, Paris, Washington, D.C., 1993).

[e] International Monetary Fund, *Balance of Payments Manual*, 5th ed. (Washington, D.C., 1993).

[f] Customs Cooperation Council, *The Harmonized Commodity Description and Coding System* (Brussels, 1984).

[g] The meetings were attended by representatives of the Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Food and Agriculture Organization of the United Nations, International Monetary Fund, International Trade Centre, Organisation for Economic Cooperation and Development, Division for Development Policy Analysis of the United Nations Secretariat, United Nations Statistics Division, Statistical Office of the European Communities, World Customs Organization and World Trade Organization.

Appendix

Recommendation of the Customs Cooperation Council concerning the reporting of trade data to the United Nations Statistics Division

(...1997)

The Customs Cooperation Council,

Noting that the Harmonized System has been widely adopted by member countries and customs or economic unions for their customs tariff and statistical nomenclatures,

Considering that one of the stated aims of the Harmonized System is to facilitate the collection, comparison and analysis of international trade statistics,

Considering that a close correlation should be maintained between the Harmonized System and the Standard International Trade Classification (SITC) of the United Nations,

Having regard to the obligation under article 3 of the Harmonized System Convention for contracting parties to make publicly available their import and export trade statistics in terms of the Harmonized System,

Taking into account the needs of the United Nations Statistics Division to have trade statistics based on the Harmonized System,

Recommends that member administrations and contracting parties to the Harmonized System Convention report their import and export trade statistics to the United Nations Statistics Division in terms of the Harmonized System;

Requests member administrations and contracting parties to the Harmonized System Convention to notify the Secretary-General of their acceptance of this recommendation and of the date of its application.

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Note by the Secretary-General

Addendum

Summary

The present note considers the possibilities for rationalization of the Commodity Trade Statistics Database (Comtrade), which contains data in terms of five separate commodity classifications. Basically, the aim is to determine whether a smaller set of data could be maintained, consistent with meeting user needs, by holding a smaller number of classifications in the database. It also presents ideas on the possible use of the Central Product Classification (goods part) for international merchandise trade statistics by the United Nations Statistics Division.

The note was prepared by the United Nations Statistics Division subsequent to the meeting of the Task Force on International Trade Statistics on 25 and 26 February 1998, and follows up the discussion and conclusions of the Task Force at that meeting (see E/CN.3/1999/4). It reflects comments made by all members of the Task Force on a draft that was circulated in October 1998.

The note is submitted to the Commission in response to a request of the Statistical Commission's Working Group on International Statistical Programmes and Coordination (see E/CN.3/1999/20, para. 10 (b)). It will be discussed by the Task Force at its next meeting, scheduled for 8 to 10 March 1999.

Points for discussion are set out in paragraph 17.

* E/CN.3/1999/1.

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I. Introduction

1. The Commodity Trade Statistics Database (Comtrade) is maintained by the United Nations Statistics Division, and contains detailed commodity by partner trade data for approximately 100 countries for each year from 1962 to date. These are held according to five commodity classifications: the Harmonized Commodity Description and Coding System (HS) in its 1996 revision (HS 96) (data from 1996), and in its 1988 revision (HS 88) (data from 1988), and the Standard International Trade Classification (SITC), Revision 3 (data from 1988), Revision 2 (data from 1976) and Revision 1 (data from 1962).

2. The original impetus towards rationalization of the Database arose from significant increases in the requirements for and consequent cost of disk space for storing data on-line, and simultaneous reductions of staff available to carry out the processing and conversion of data into the various classifications, and for maintenance of the Database. The Task Force had endorsed the general idea of rationalizing the Database under those circumstances, and some rationalization was achieved by ceasing the processing and storage of quarterly data, with considerable reduction in the reporting burden on countries. The Statistical Commission, in 1997, cautioned the United Nations Statistics Division to assess as fully as possible the needs of users of Comtrade before rationalizing its contents.[1] In 1998, the Statistical Commission's Working Group on International Statistical Programmes and Coordination endorsed the idea of rationalization, specifically in respect of the situation where data are maintained in terms of the five separate classifications, and requested the Task Force to study it further (see E/CN.3/1999/20, para. 10).

3. The Task Force attempted to develop a rationalization strategy taking account of user needs; this is summarized in the above-mentioned report of the Task Force (see E/CN.3/1999/4, para. 9), and is set out in greater detail below.

II. Views of the Task Force on International Trade Statistics

4. Members of the Task Force generally agreed that rationalization was possible. There was support from all organizations for the idea that irrespective of any rationalization, the Database should retain the data in the classification version originally reported by each country so that users could resort to that reported data for validation and other purposes (in cases where countries report in terms of a national classification that is not accommodated in Comtrade, the United Nations Statistics Division converts the reported data to the nearest HS or SITC version for storage in the Database). In all scenarios, there was agreement to remove data according to SITC, Rev. 3, the rationale being that HS data provide more detail and are convertible by users into SITC, Rev. 3 and other versions of SITC; in addition, the SITC, Rev. 3 data, being available from 1988, are not available for a sufficiently long period for some types of long-term analysis. However, there are known users of SITC, Rev. 3 data who could then be faced with the need to create the SITC, Rev. 3 data for themselves from HS data rather than being able to obtain it directly from Comtrade.

5. There is a characteristic of country reporting practices that affects Comtrade and makes it difficult to be firm about retaining only a given classification from a specific date. The characteristic is that not all countries adopt a classification in its initial year; some countries report the data to the United Nations Statistics Division according to a superseded and less detailed classification for one or more years after the recommended date of introduction of a new classification. For example, it is not feasible to have all HS 88 data commencing 1988, and to drop SITC, Rev. 3 from that year. If this were done, there would be gaps in the Database since many countries reported SITC, Rev. 3 data and not HS 88 data in 1988 and even later years. In addition, reverse conversion from SITC, Rev. 3 to HS is not sufficiently reliable to fill those gaps since one SITC, Rev. 3 code may be equivalent to the sum of several HS codes. This is a large-scale problem since in Comtrade there are 232 country periods for approximately 70 countries reported in SITC, Rev. 3 since 1988, the year of introduction of HS 88.

6. Views diverged as to the advisability of various options for rationalization. For long-term analysis, some organizations were of the opinion that SITC, Rev. 1 data should be maintained for all years (1962 to the current year) and SITC, Rev. 2 data should be removed from Comtrade. The World Trade Organization has provided an analysis in support of this option. This option provides good quality SITC, Rev. 1 data for the period 1962 to the current year since the conversion into SITC, Rev. 1 of data reported in SITC, Rev. 2 is good; however the needs of users of SITC, Rev. 2 data would not be met.

7. Other organizations considered that SITC, Rev. 2 data should be kept for long-term series, SITC, Rev. 1 data should be removed from Comtrade for the years where SITC, Rev. 2 data was available, and SITC, Rev. 1 data should be converted to SITC, Rev. 2 format where SITC, Rev. 2 was

not available. This option provides good quality SITC, Rev. 2 data from about 1976 to the current year since SITC, Rev. 2 data was introduced in about 1976. Prior to 1976, data were reported in SITC, Rev. 1; conversion of data reported in SITC, Rev. 1 into SITC, Rev. 2 has significant deficiencies (based on a study carried out by the United Nations Statistics Division in 1998), so that long-term time series in SITC, Rev. 2 would be fully reliable only from about 1976. The needs of users of SITC, Rev. 1 data would not be met under this option (however, as a refinement to this option, in an effort to meet needs for SITC, Rev. 1 data the original reported SITC, Rev. 1 data could be maintained in Comtrade from 1962 to 1975, as suggested in paragraph 4 above, and a conversion table of SITC, Rev. 2 to SITC, Rev. 1 data could be made available for users to derive their own SITC, Rev. 1 data from the SITC, Rev. 2 data in Comtrade for years 1976 to date).

8. For current and short-term analysis, a number of organizations considered that only HS 96 was needed, and that HS 88 and SITC, Rev. 3 could be removed from Comtrade (either SITC, Rev. 1 or SITC, Rev. 2 data would be retained for long-term analysis). Others considered that data reported in HS 96 could be removed and the HS 88 data converted from the HS 96 data could be retained, giving HS 88 data available from about 1988 to the current year. The former provides the most detailed information for recent years but only for a short period (1996 to the current year). The latter provides a time series since 1988 but does not present data at all in terms of the most current, more detailed HS classification, namely, HS 96; it is also inconsistent with the ideas expressed in paragraph 4 above concerning retention of data in the classification in which it was reported.

9. Other options for rationalization also exist, such as (a) processing and storing only the original classification in which the data were reported to the United Nations Statistics Division and converting that data into other needed classifications through computerized correlation tables at the time of each extraction of the data, or (b) processing and storing data according to all classifications but eliminating double entries at storing time.

10. The first option is not very practical. It would only work if users of the Database requested small numbers of commodities at a time. However, many users need to be able to extract large amounts of data at one time, which would take a lot of (expensive) CPU time for each extraction. Response times to meet requests would also be relatively slow.

11. The second option would leave the current situation intact from a user's point of view, i.e., data available according to five classifications, but would reduce the occupied disk space by about half. By storing all classifications individually, as is done currently, for certain commodities exactly the same trade information is stored up to four or five times in the Database due to the fact that particular commodity codes in one classification are equivalent to identical codes in each of the other classifications. For instance, "Beer made from malt" is represented by just one code in each of the five classifications maintained in Comtrade, namely 1123 in SITC classifications and 220300 in HS classifications. Maximum reduction of disk space would be achieved if duplication of the aggregated levels of the classification was also eliminated at storing time. If the software for compressing and decompressing the Comtrade data could be amended to achieve this, the storage space could be more effectively used without having to eliminate one or more classifications. Initial indications are that this would require a major re-engineering of the Database and extraction software.

III. Analysis

12. It is clear that whatever rationalization strategy were to be adopted, specific requirements of some current users of Comtrade would be frustrated and/or a considerable amount of new computer systems development work would have to be done. Although the automatic recording of usage by on-line users has not been modified to provide details of usage of the various classifications, a review of requests received from users and information from international organizations on their on-line usage indicates that among the current users of data from Comtrade, Governments and international organizations are users of HS 96, HS 88, SITC, Rev. 3, SITC, Rev. 2 and SITC, Rev. 1; universities and other research organizations are users of HS 88, SITC, Rev. 3, SITC, Rev. 2; and the private sector (ad hoc requests) are mainly users of HS 96, HS 88 and SITC, Rev. 3, with occasional use of SITC, Rev. 2 and Rev. 1 data for longer-term analysis. There is significant use at all levels of detail of the classifications as well, although indications are that SITC, Rev. 2 and Rev. 1 data tend to be used more at the more aggregated levels of those classifications and HS 96, HS 88 and SITC, Rev. 3 data at the more detailed levels. Some organizations indicated that they thought it would be useful to have trade data according to the Central Product Classification (CPC) and the International Standard Industrial Classification of All Goods and Services (ISIC).

Given correlation tables from HS or SITC to other classifications, such as CPC or ISIC, some users indicated that they were prepared to derive any such needed data.

13. Since the time that the idea of rationalization was raised, changes in the arrangements for computing services at the United Nations have led to a reduction in both disk space usage and its cost, and the processing load has been reduced by the elimination of quarterly data from the Database. Consequently, the situation is no longer acute, so that the need to rationalize is less urgent.

14. The computer system for Comtrade is quite robust, and is designed to accommodate data according to new revisions of classifications while retaining data according to older versions of these classifications. In principle, it could also accommodate data according to additional classifications, such as CPC (goods part) and ISIC. This would involve some development cost (both for computer systems and substantive work), staff resources to provide reliable conversions from HS or SITC data to the new classifications, and operating costs to process and convert data and maintain the Database.

15. Members of the Task Force are further reviewing user needs and taking other steps discussed in the report of the Task Force (see E/CN.3/1999/4, para. 9), and the results will be reviewed at the Task Force meeting scheduled for 8 to 10 March 1999.

IV. Other issues

16. In response to other elements of the request of the Working Group (see E/CN.3/1999/20, para. 10 (b)) the following information is presented:

(a) The international organizations normally request international merchandise trade statistics from countries only in one commodity classification — the most recent one in use by a country. Any recompilation needed by an international organization is done by that organization. This means that countries are not required to maintain concordances and recompile international merchandise trade statistics according to various versions of HS and SITC for international reporting;

(b) The problem of maintaining comparable long-term series is addressed in paragraphs 5, 6 and 7 above; the basic point is that such time series can normally be maintained only in terms of the oldest, least detailed commodity classification i.e., SITC, Rev. 1. Data in terms of SITC, Rev. 1 cannot be well converted in SITC, Rev. 2, particularly at the 4- and 5-digit levels; and even at the 3-digit level, many items do not convert well. Even conversion from the newer to the older classification cannot always be well done if the principles of classification change between versions of the same classification. For example, although SITC, Rev. 2 can be converted to SITC, Rev. 1 quite well, SITC, Rev. 3 conversion to SITC, Rev. 2 is problematic for some codes, and data so converted are not fully comparable with data for earlier years reported in terms of SITC, Rev. 2, partly because SITC, Rev. 3 was modelled closely on HS 88, which was adopted in the same year, and used different classification criteria than did SITC, Rev. 2. These kinds of problems are not unique to international merchandise trade statistics. Part of the solution in general is to adopt as a criterion, when revising a classification, the need to take account of continuity in time series;

(c) As concerns the use of CPC (goods part) as a classification for international merchandise trade statistics, the Commission will recall that the current explicit recommendation of the Commission is that countries should compile and disseminate their international merchandise trade statistics according to HS, and that the Commission decided that it would consider the use of CPC (goods part) in place of SITC, Rev. 3 for analytical purposes when the CPC had been revised and evaluated.[2] The experience of the United Nations Statistics Division experience to date is that (i) there have been no requests from users for international merchandise trade statistics according to CPC; (ii) no national statistical offices are known to be publishing their international merchandise trade statistics according to CPC; however, (iii) some international organizations have indicated that they would find trade data according to CPC useful. Since HS data exists in Comtrade and the Division has developed a conversion table for HS to CPC, a stand-alone database of trade data according to CPC (goods part) could be developed on diskette for the purposes of evaluating that part of the classification itself and its use (for example, 20 countries for each of 1997 and 1990). In the longer term, depending upon the outcome of the evaluation and revision of CPC and on user needs, provision could be made for data according to CPC (goods part) to be added to Comtrade, as set out in paragraph 14 above (for further details on CPC and its revision and evaluation in the overall context of economic and social classifications, see E/CN.3/1999/17 and E/CN.3/1999/18).

V. Points for discussion

17. Since there are users of the international merchandise trade statistics according to each of the five commodity

classifications in Comtrade, and since disk space usage and its cost and the amount of data processing have been reduced, so that the need to reduce the number of classifications in the Database is not acute, the United Nations Statistics Division proposes that:

(a) The Commodity Trade Statistics Database be maintained in its current form and content for the immediate future;

(b) In the short term, the Division produce a data set of merchandise trade according to CPC (goods part) on diskette for reviewing that classification and its use;

(c) In the longer term, the Division investigate the ways in which trade statistics according to CPC (and ISIC) could be made available if a sufficient need for that data were to be established.

Notes

[1] *Official Records of the Economic and Social Council, 1995, Supplement No. 8* (E/1995/28), para. 19 (f).

[2] *Official Records of the Economic and Social Council, 1993, Supplement No. 6* (E/1993/26), paras. 162 (d) and (g).

United Nations E/CN.3/1999/5

Economic and Social Council

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Item 3 (c) of the provisional agenda*
Economic statistics: service statistics

Task Force on Statistics of International Trade in Services

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on Statistics of International Trade in Services (Convener: Organisation for Economic Cooperation and Development), which is contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its twenty-ninth session,[1] and with a request of the Working Group on International Statistical Programmes and Coordination at its nineteenth session (see E/CN.3/1999/20, para. 7).

Points for discussion

The Commission is requested to respond to the strategy laid out in the report of the Task Force for the completion of the draft manual on statistics of international trade in services.

Notes

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), chap. I).

* E/CN.3/1999/1.

98-38347 (E) 250199

Annex

Report of the Task Force on Statistics of International Trade in Services

1. The Task Force Members are: Statistical Office of the European Communities (Eurostat), International Labour Organization, International Monetary Fund (IMF), Organisation for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development, United Nations Statistics Division, World Bank and World Trade Organization (WTO). OECD serves as Convener of this Task Force. From the beginning of 1997, the main work of the Task Force has been to oversee the production of a manual to help national statisticians compile statistics on international trade in services. "International trade" is here broadly defined, and covers the first three of the four "modes of supply" which are defined in the General Agreement on Trade in Services (GATS).

2. The first two modes are **cross-border trade** and **consumption abroad**; both these modes of supply involve transactions which are already included in the standard balance of payments because they are between residents and non-residents. The third mode of supply is termed **commercial presence**, and involves the sale of services abroad through the creation of an affiliated company or "foreign affiliate". Since foreign affiliates are deemed to be resident in the country where they are located, the commercial presence mode of supply falls outside the scope of the standard balance of payments.

3. The fourth mode of supply is termed **presence of natural persons**, and refers to nationals of one country who work abroad as service providers, either as self-employed workers or as employees. This mode of supply is partly covered in the standard balance of payments. The Task Force has concluded that it is too difficult at the present time to draw up recommendations for measuring this mode of supply. The manual will, however, include an annex giving some preliminary ideas on how existing migration statistics might be used, together with other data sources, to provide some quantitative information on this mode of supply.

4. The international agencies have contributed to a central fund to finance the drafting of the manual by a consultant. The first consultant, who began work in January 1997, indicated that he did not wish to continue after he had submitted his first draft. A second consultant has now produced two further drafts following the discussions and conclusions from meetings of the Task Force in June 1997 (New York), June 1998 (Geneva) and November 1998 (Frankfurt). The Task Force had originally hoped that the manual could be presented to the Statistical Commission at its thirtieth session for its approval, but this has now been put back to the year 2000 at the earliest.

5. Progress with the manual is being regularly reported to relevant committees and working groups of IMF, Eurostat and OECD. When a complete version of the manual becomes available, it will be circulated to all United Nations Member countries for comments and suggested amendments, and will be reviewed in detail by a world-level expert group to be convened by the United Nations.

6. Task Force members would like to bring two aspects of the manual to the attention of the Statistical Commission:

(a) First, the manual will build on existing international standards and classifications — notably the fifth edition of the IMF *Balance of Payments Manual* (BPM5) and its services classification, the OECD Benchmark Definition of Foreign Direct Investment, the System of National Accounts, 1993, the OECD-Eurostat Trade in Services Classification, the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 3, and the Central Product Classification (CPC), Version 1.0. An implication of the decision to strictly respect existing statistical standards is that the manual will not be able to generate statistics which exactly match the "modes of supply" defined in GATS. WTO supports the decision to aim for approximations rather than exact measures;

(b) Second, service transactions between residents and non-residents — i.e. those which are included in the standard balance of payments — will be classified according to the OECD-Eurostat Trade in Services Classification, with some additional memorandum items requested by WTO. The OECD-Eurostat classification is an extended version of the services classification in BPM5, and is mainly a classification by type of **product**. Transactions of foreign affiliates, on the other hand, will be classified according to ISIC, which is an **activity** classification. The manual will recommend a grouping of ISIC activities which will afford an approximate fit with the extended BPM5 services classification. An annex table will show which CPC codes belong to each item identified in the extended BPM5 services classification. This will help to define the content of the latter classification.

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Economic statistics: finance statistics

Task Force on Finance Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of the Task Force on Finance Statistics (Convener: International Monetary Fund), which is contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its twenty-ninth session.[1]

* E/CN.3/1999/1.

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), chap. I.

98-37029 (E) 050199

Annex

Report of the Task Force on Finance Statistics

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I. Introduction

1. The Inter-Agency Task Force on Finance Statistics was one of several inter-agency task forces endorsed by the Statistical Commission and the Administrative Committee on Coordination (ACC) Subcommittee on Statistical Activities, to which the International Monetary Fund (IMF) was assigned the role of Convener in 1992. The terms of reference of the Task Force included: (a) assessing problems, duplications, weaknesses, imbalance and priority gaps in finance statistics; (b) identifying actions needed to improve the system-wide work in the area, including through better coordination; (c) reducing the time lag in publication and considering the need and scope for dissemination of more recent statistical information; and (d) reporting on actions taken and current proposals. Membership of the Task Force comprises the Bank for International Settlements (BIS), the European Central Bank, the Statistical Office of the European Communities, the International Monetary Fund (IMF), the Organisation for Economic Cooperation and Development (OECD), the World Bank, and the United Nations Statistics Division.

II. Meetings held during 1998

2. The Task Force held two meetings in 1998. The first meeting was hosted by IMF at Washington, D.C., on 13 and 14 July 1998 and the second was hosted by OECD in Paris on 29 and 30 October 1998. At the second meeting, the permanent members of the Task Force were joined by representatives of the United Nations Conference on Trade and Development, the Paris Club secretariat and the Commonwealth secretariat.

3. The agendas for both meetings were inspired by the financial crises in Asia, which had shown the lack of comprehensive statistics that shed light, on a timely basis, on the vulnerability of countries to changes in the external environment. Two areas of special interest in this regard have been identified: international reserves and external debt.

4. Several initiatives were launched by the Task Force to improve collaboration in these areas:

(a) Participants have begun producing brief quarterly reports for circulation within the Task Force on past and prospective activities, including new data requests, production and publication of new data, development of concepts, training and technical assistance;

(b) Work has been initiated on the sharing of data through the development of bilateral arrangements between participating agencies;

(c) The Task Force has taken an initiative to collaborate on the production and publication of a table with quarterly data on selected components of external debt, based mainly on creditor source data;

(d) The Task Force has identified gaps in data needed to analyse the external debt and liquidity positions of countries, including information on: (i) financial derivatives; (ii) domestic debt issues held by non-residents; (iii) domestic debt denominated in (or indexed to) foreign currency; (iv) contingent liabilities; and (v) residual (as opposed to original) debt maturities, especially for short-term liabilities of the corporate sector. It has explored the need for providing conceptual and compilation guidelines in these and other areas;

(e) Work has started towards a revision of the joint BIS, IMF, OECD and World Bank publication *External Debt Definition, Statistical Coverage and Methodology*, known as the "Grey Book",[a] which provides guidance to compilers and users of external debt data;

(f) The Task Force provided valuable comments on enhancing the coverage of the IMF Special Data Dissemination Standard with regard to data on international reserves, especially, external debt.

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[a] Paris, 1998; the Grey Book was followed by a second joint publication in 1994, *Debt Stocks, Debt Flows and the Balance of Payments*.

United Nations E/CN.3/1999/7

Economic and Social Council

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Item 3 (e) of the provisional agenda*
Economic statistics: other economic statistics

Report of city groups

Note by the Secretary-General

The Secretary-General has the honour to transmit to the Statistical Commission the report of seven city groups in the economic statistics area, which are contained in the annex. The report is transmitted to the Commission in accordance with a request of the Statistical Commission at its twenty-ninth session,[1] and a request of the Working Group on International Statistical Programmes and Coordination at its nineteenth session (E/CN.3/1999/20, para. 13).

The Statistical Commission at its twenty-ninth session (10–14 February 1997), as well as the Working Group at its nineteenth session (10–13 February 1998) reviewed the programmes outlined by various groups in the area of economic statistics and broadly agreed with the proposed future activities. The Working Group encouraged the groups to report more substantively to the Statistical Commission.

A standardized reporting format has been used, which is also expected to facilitate updating the city group Web site established on the United Nations Statistics Division home page (<http://www.un.org/Depts/unsd>). The city group Web site includes information on the groups included in the present report, as well as information on other groups active in the social, environmental and other areas (see also E/CN.3/1999/11; E/CN.3/1999/13; E/CN.3/1999/15; E/CN.3/1999/18; E/CN.3/1999/26).

The Statistical Commission is invited to discuss whether the mandates of the various groups are focused and whether their objectives are clear and attainable. The Commission may also wish to comment on the proposals for future work.

Notes

[1] See *Official Records of the Economic and Social Council, 1997, Supplement No. 4* (E/1997/24), para. 13.

* E/CN.3/1999/1.

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Annex

Report by the city groups

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I. Canberra Group on Household Income Statistics

Purpose

The primary objective is to enhance national household income statistics by developing relevant standards on conceptual and practical issues. The development and implementation of international guidelines and standards will improve international comparability. The Group was established to address the common conceptual, definitional and practical problems that national statistical offices are facing in the area of household income distribution statistics. Its work is preparatory to a revision of the international guidelines on income distribution.

Year organized

1996.

Participants

Australia, Canada, China, Finland, India, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Republic of Korea, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America, Economic Commission for Latin America and the Caribbean, Statistical Office of the European Communities, Inter-American Development Bank, International Labour Organization, Organisation for Economic Cooperation and Development, Luxembourg Income Study Group at the Centre for Population, Poverty and Public Policy Studies/International Networks for Studies in Technology, Environment, Alternatives, Development.

Meetings

First meeting: Canberra, 2–4 December 1996.

Second meeting: Voorburg, the Netherlands, 9–11 March 1998.

Topics considered

Data sources, methodology and quality; measures of income inequality; international comparability; statistical units: concepts, definitions and use; development of a hierarchy of income concepts and definitions; reconciliation with national accounts and other national aggregates; measurement of self-employment income; and revision of present international guidelines.

Products

Papers and final reports of the two previous meetings can be found on the Canberra Group's Web site at:

http://lissy.ceps.lu/canberra.htm

Planned activities

A third meeting will be held at Ottawa in June 1999, hosted by Statistics Canada. Topics for the third meeting include documentation on methodology and quality of income statistics, recommendations on statistical units and on income concepts.

Expected future products (dates)

Summary of proceedings and contributed papers of the third meeting, approximately September 1999.

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II. Delhi Group on Informal Sector Statistics

Purpose

To exchange experience in measuring the unorganized or informal sector of the economy, and to prepare a status report and proposals for future work. The objective is to document the data-collection practices in the informal sector that are followed by member countries, and to develop suitable methodologies for survey design and data collection in that sector, taking into account the System of National Accounts, 1993 and the resolutions of the International Conference of Labour Statisticians.

Year organized

1997.

Participants

First meeting: the meeting was attended by 37 participants from eight countries: Australia, Bangladesh, Brazil, Colombia, India, Mexico, Sri Lanka and Turkey. In addition, representatives from the International Labour Organization (ILO), the United Nations Statistics Division, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Asian Development Bank also participated.

Second meeting: the meeting was attended by 35 participants from nine countries — Armenia, Australia, Colombia, India, Mexico, Nigeria, Poland, Turkey and Zambia — as well as five international organizations — Economic Commission for Latin America and Caribbean, ESCAP, the ILO, the Statistical Institute for Asia and the Pacific, the United Nations Statistics Division and a number of other institutions, namely Harvard Institute for International Development, Women in Employment Globalizing and Organizing, the French Scientific Research Institute for Development and Cooperation and the Self-Employed Women's Association.

Meetings

First meeting: New Delhi, 20–22 May 1997.

Second meeting: Ankara, 28–30 April 1998.

Topics considered

First meeting: apart from finalization of terms of reference of Delhi Group, participating countries presented country papers on the practices followed in their countries for collection of data and present status of data on informal sector statistics. International organizations also apprised of their recent activities in this area.

Second meeting: discussions mainly focused on current status of data on informal sector and its limitations; country profile; informal sector; definition, operationalization, delineation, classification and sub-classifications; survey design; area sampling frame and sample design, mixed household and enterprise survey; problems in collection of data and quality aspects; contribution of informal sector in terms of employment, value addition, capital formation etc. in the national economy; and social security of the workers in informal and unorganized sector.

Products

Report of the first meeting.

Report of the second meeting.

Planned activities

Pursuant to the recommendations of the second meeting, work on the following projects is in progress:

(a) Current stocktaking existing country practices and conducting of periodic inventories in future years, including measures of employment and gross domestic product by industry sector and gender statistics (where available). Project member: the ILO, in cooperation with the United Nations Statistics Division;

(b) Clarifying and operationalizing the System of National Accounts international definition for national accounts and international comparison purposes. Project members: Australia, Colombia, Mexico, Turkey (Mr. Yusuf Yardimici), the ILO, Mr. Predrero and Mr. Charmes;

(c) Developing strategies to address sample frame and weighting issues. Project members: India, Mexico and Nigeria;

(d) Investigation of quality assurance methods for non-sampling areas (e.g., post enumeration studies). Project members: Nigeria and the ILO;

(e) Investigating and developing an appropriate methodology to develop more accurate measures of value added. Project members: Armenia, Turkey, University of Mexico, the United Nations Statistics Division and Mr. Ferran.

Future programme

Earlier, it was decided to hold the next meeting of the Delhi Group at ILO headquarters at Geneva from 16 to 20 October 1998 after the International Conference of Labour Statisticians. The meeting has since been postponed at the request of the project teams since the work on different projects is still in progress. The next meeting is expected to be held in March 1999.

Point of contact

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III. Expert Group on Capital Stock Statistics

Purpose

1. To clarify the conceptual issues underpinning capital stocks and flows.

2. To exchange research and experience related to the problems of capital stock and flow measurement.

Year organized

1997.

Participants

Countries

Australia, Canada, Czech Republic, Denmark, Finland, France, Germany, Indonesia, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Republic of Korea, Russian Federation, Singapore, South Africa, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

International agencies

International Monetary Fund, Organisation for Economic Cooperation and Development (OECD), Economic Commission for Europe, United Nations Statistics Division, World Bank.

Expert advisers

Erwin Diewert, Peter Hill, Jack Triplett.

Meetings

Canberra, 10–14 March 1997.

Paris, 29 September – 2 October 1998.

Washington, D.C., November 1999 (dates to be confirmed).

Topics considered

Measurement practices of participating countries; concepts of capital stocks and flows; practice and problems of perpetual inventory method; alternative approaches to measuring capital stock, primarily direct collection; commercial accounting issues; current price and volume measures; balance of fixed assets and capital stock estimation in transition countries; experience with multi-factor productivity; new measures of capital related to the extension of the asset boundary as recommended by the System of National Accounts, (1993 SNA); balance sheet issues; and international comparability and cooperation.

Products

Documents and final reports of the 1997 and 1998 meeting are available on the Web site (see below).

The Group has agreed to develop, by the end of 1999, a handbook on capital stock and flow measurement that would cover both conceptual issues and suggested best practices in compilation. The handbook, which will be published by OECD, will be part of the reference documentation on the 1993 SNA.

Planned activities

The Group has agreed on the outline of the handbook on measurement of capital stocks and flows. The outline is available on the Web site. The handbook is being drafted over the period November 1998 to end-May 1999. Group participants and others interested in the subject will have the period June to end-August 1999 in which to comment on the draft manual, which will be available on the Web site. The manual will be redrafted in the light of comments received by mid-October 1999. That draft of the manual will form the basis for discussion at the third and final meeting of the Group, to be held in November 1999.

Expected future products (dates)

A handbook on the measurement of capital stocks and flows is expected to be published in early 2000.

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IV. Expert Group on Intangibles

As part of the discussions on critical issues in statistics, the United Kingdom of Great Britain and Northern Ireland prepared an issues paper on intangibles, and suggested that the various topics identified should be taken forward via an electronic discussion group. Further consideration has suggested that some partitioning of the full set of issues originally listed may facilitate progress in more narrowly defined fields.

Intangible assets

One set of issues concerned the identification and evaluation of intangible assets. The System of National Accounts, 1993 suggests that these should be included alongside tangible assets, but because this is a new field for most national accountants more specific guidance, of the type to be found in a handbook, would be helpful. After discussion between the Office for National Statistics of the United Kingdom and the Organisation for Economic Cooperation and Development (OECD), the latter agreed to set up and moderate an electronic discussion group on this set of issues. Work going on in OECD related to the Frascati family of manuals on research and development, other intangibles (training and human resources, organizational change, for example) and to new science and technology indicators (estimation of the value of innovation, for example) is highly relevant. The OECD Directorate for Science, Technology and Industry has recently made available a set of 15 papers and a detailed bibliography that summarizes the evolution of the various strands of this work over several years (at http:\\www.oecd.org/dsti/sti/industry/ indcomp/prod/ intang.htm). The electronic discussion group will refer to this material, as well as to material from those concerned with the development of commercial accounting standards.

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Information economy

A second set of issues concerns the impact of information technology on the economy and society. This ranges from issues over industrial classification (the differences between the North American Industry Classification System and the International Standard Industrial Classification of All Economic Activities, for instance), definitions of the information and communication technology sectors and of electronic commerce, the identification of indicators appropriate to the new policy issues and the collection of data, to name only four aspects. There is extensive analytic and policy work going on throughout OECD on electronic commerce, and this was the subject of a ministerial conference held at Ottawa from 7 to 9 October 1998. The importance of work on measurement and quantitative analysis in this area was stressed as a priority by ministers. A working party on indicators for the information economy is actively pursuing statistical work, and will next meet on 21 and 22 April 1999. A great deal of material is already available on the OECD Web site at http://www.oecd.org/ dsti/sti/it/index.htm. The division of OECD responsible for work in this field — the Information, Computer and Communications Policy Division — would be prepared to host and moderate an electronic discussion group on this topic as one means of taking the work forward.

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Other issues

There is then a third set of issues identified in the United Kingdom Office for National Statistics paper that are more disparate. These are:

(a) Consider the application of disaggregated input-output to capacity measurement;

(b) Review the role of external satellite accounts in welfare measurement;

(c) Design a comprehensive framework for different satellites;

(d) Discuss with policy makers and analysts the likely development of policy concerns;

(e) Seek ways to restore confidence in national accounts by expanding the strengths and limitations of the accounts.

These issues do not lend themselves to coverage in a single electronic discussion group. Some may indeed be better incorporated in other city groups or other forums. The Commission is invited to consider the priority to be attached to these and the best way of developing solutions to these concerns.

V. Ottawa Group on Price Indexes

Purpose

The Ottawa Group was created to provide a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the focus of the Group is on applied research, particularly though not exclusively in the area of consumer price indices. Participants are specialists and practitioners who work for or are advisers to statistical agencies in different countries or international organizations.

Year organized

1994.

Participants

Members of statistical offices of Australia, Brazil, Canada, Chile, Denmark, Finland, France, Iceland, Israel, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, the United Kingdom of Great Britain and Northern Ireland, the United States of America, Eurostat and the Organisation for Economic Cooperation and Development have attended at least one meeting, as have other experts from these or other countries.

Meetings (approximately annual)

Ottawa, 31 October to 3 November 1994.

Stockholm, 15 to 17 November 1995.

Voorburg, the Netherlands, 16 to 18 April 1997.

Washington, D.C., 22 to 24 April 1998.

Topics considered

Fundamental problems of measurement, particularly at the micro-level, have been constant themes. These include estimation (for example, the adoption of the geometric mean at the first step of calculation), sampling and the treatment of quality change in all its manifestations. Questions of bias were considered explicitly at the 1994 and 1997 meetings. The different requirements of indices for different purposes, such as between inflation measurement and for compensation, have been discussed at more than one meeting. Other topics covered include certain difficult areas of consumer price indices, such as health and financial services, survey methodology and management, and the growing availability of electronic sales databases (scanner data).

Products

Papers and proceedi gs of the meetings are published.

Planned activities

Next meeting, Reykjavik, 25 to 27 August 1999.

The planned agenda is to focus on two topics, as set out below.

Topic 1. Treatment of quality change in price indices for durable goods

The session will be principally devoted to the use of different techniques and procedures dealing with quality changes in durable goods. The papers and the discussion should refer as much as possible to concrete cases of treatment that could be extrapolated to some broader classes of durable goods.

Some more general issues will be discussed as well, possibly at the beginning of the session. For example, the effect of the use of various conceptual approaches in measuring price change of durable goods (acquisition, disbursement, user's cost) on the problem of their quality changes should be examined.

Topic 2. Different concepts of price indices serving different purposes

A large part of this session will be devoted to the question of whether consumer price indices that are intended to measure inflation, to escalate incomes or to deflate personal consumption should have the same philosophical base. Practical repercussions of various choices will be discussed as well.

The second part of this session could deal with the question of when it is better to estimate price change directly and when indirectly (implicitly) from volume measures. This question concerns producer price indices more than consumer price indices. It would be desirable if not only concrete examples were shown but also those broader categories of goods and services to which the same answers could apply.

Subsequent meetings, to be held in 2000 in Australia, and in 2001 are expected to concentrate on measurement issues particular to consumer services.

Expected future products (dates)

After future meetings, the proceedings will include a summary of the discussions, and a report of recommendations where agreement can be reached. The meetings will focus on a small number of topics in order to

concentrate the preparatory work and the discussions. The first report will follow the meeting to be held in Iceland in 1999.

A Web site for the Ottawa Group is under construction and should be ready by November 1998.

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VI. Paris Group on Labour and Compensation

Purpose

To examine, assess and reconcile the various sources of information used to measure labour market conditions and compensation, particularly in the context of the deregulation of labour markets and structural unemployment; and to contribute to improving concepts and their implementation, as well as the construction of new indicators.

Year organized

1997.

Participants

Actual participants: Australia, Canada, Finland, France, Netherlands, Poland, South Africa, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America, the International Labour Organization, the Organisation for Economic Cooperation and Development (OECD), Eurostat.

Potential participants: Argentina, Germany, Japan.

Meetings

Paris, 27 and 28 November 1997.

London, 6 and 7 July 1998.

Paris, autumn 1999.

Topics considered

1. Key labour market indicators, labour market dynamics, reconciliation of estimates of employment (and unemployment) from different sources, work duration.

2. Earnings and labour costs.

Products

Scientific report(s): Institut national de la statistique et des études économiques (INSEE) France, in February 1999.

Internet site animation by end of 1998 (INSEE, OECD).

Planned activities

1. To analyse the papers and the discussions of the London meeting, and to elaborate a synthesis of the problems raised and ways to solve them.

2. To examine the feasibility of producing data on labour force flows by means of short duration data.

Expected future products (dates)

Limited series of labour force flows for OECD and some countries, by end of 1999.

Point of contact

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VII. Round Table on Business Survey Frames

Purpose

To provide a forum for the exchange of views and experiences and the conduct of joint experiments bearing on the development, maintenance and use of sampling frames for business surveys (business registers). The Round Table is an informal body and participation is on a voluntary basis. Participants, however, are required to contribute to the

programme of the meeting. The Round Table's mandate does not emanate from a formal body, but on the basis of its discussions and/or experiments, it may make a recommendation to a formal body (e.g., the Statistical Commission) concerning, for example, the consideration/adoption of certain practices or standards.

Year organized

1986.

Participating national statistical agencies (1998 meeting)

Canada, Denmark, European Communities (Eurostat), Finland, France, Germany, Hungary, Italy, Japan, Netherlands, New Zealand, Portugal, Sweden, United Kingdom of Great Britain and Northern Ireland, United States of America.

Meetings (held annually)

First meeting: Ottawa, May 1986.

Most recent meeting: Helsinki, 28 September to 2 October 1998.

Topics considered

How to improve the quality of business surveys; the quality of business frames; business demography; globalization and business registers; integration/comparability of business statistics within and across statistical agencies; technology trends; small businesses; the use of administrative data; and the definition and classification of business groups and units, and their representation on statistical registers.

Products

Technical papers produced and discussed at the first nine meetings are available on a CD-ROM.

The host agency updates an Internet site with the most recent documentation after each meeting.

Planned activities

Next meetings: Paris, October 1999

New Zealand, October 2000

Washington, D.C., October 2001

Expected future products (dates)

The reports and papers from the Helsinki meeting will be available on the Internet as of 30 November 1998 at <www.stat.fi/roundtable>. An updated CD-ROM, including the reports and papers from all 12 meetings, will also be available on 30 November 1998.

Point of contact

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